

**State of Oregon
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 1989**



**Neil Goldschmidt
Governor of Oregon**

**Fred Miller, Director
Executive Department**

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Special appreciation is given to all fiscal personnel throughout the State whose extra effort to contribute accurate, timely financial data for their agency helped make this report possible.

Photos courtesy of Economic Development Department.

Cover: Lincoln City, "D" River Wayside - Home of the shortest river in the world.

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State of Oregon

**Comprehensive Annual
Financial Report
June 30, 1989**

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Executive Department

155 COTTAGE STREET NE., SALEM, OREGON 97310-0310

Honorable Neil Goldschmidt
Governor of Oregon
State Capitol
Salem, Oregon 97310

In accordance with ORS 291.040, I am pleased to transmit the Comprehensive Annual Financial Report of the State of Oregon for the fiscal year ended June 30, 1989.

This report includes financial statements prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board and the Financial Accounting Standards Board.

The Reporting Entity

The Report includes all state agencies, universities, commissions and boards for which elected state officials have oversight responsibility.

Economic Conditions and Outlook

Oregon outperformed the U.S. as a whole in employment growth during 1989. Oregon's job growth in 1990 and 1991 should equal or exceed the national average.

Overall, Oregon's total nonagricultural employment is projected to expand by 2.2 percent in 1990, 1.8 percent in 1991, and 2.7 percent in 1992.

General Fund revenues for the 1987-89 biennium were \$211.4 million higher than expected. This excess revenue will benefit Oregon taxpayers. The surplus will be returned to personal and corporate income taxpayers in the form of income and excise tax credits.

Major Initiatives

Oregon is committed to economic development for all regions of the state. To provide a solid base for our continued development, we have undertaken several major programs.

Recognizing that children are the basis of our future, we have established the Children's Agenda. We are the first state to aim at delivering Head Start service to every eligible child. The Children's Agenda also includes the Oregon Youth Conservation Corps and after-school supervision programs, drug prevention programs, and the Student Retention Program.

Oregon has undertaken a major building program for corrections facilities that will add 3,000 beds by the end of 1991. Anti-crime tools such as an automated fingerprint system and the forfeiture of cash and assets of drug dealers will also aid law enforcement efforts.

Oregon has worked to strengthen the post-secondary education programs in the state. Major building programs, coupled with steps to effectively compete for and retain quality faculty, will energize our colleges and universities. We are also forging substantial links between the community colleges and Oregon's economic development.

Oregon still believes that a healthy economy and a healthy environment are one and the same. We have initiated programs that will safeguard the environment as Oregon develops its quality of life.

Accounting System and Budgetary Control

The modified accrual basis of accounting is used to account for all governmental funds. Revenues are recognized when they become measurable and available. Taxpayer assessed taxes are considered "measurable" when the revenue is in the hands of intermediary collecting agents.

Expenditures are recognized under the modified accrual basis of accounting when the related liability is incurred. An exception to this general rule of expenditure recognition is that principal and interest on general long-term debt are recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The modified accrual basis of accounting has been used for expendable trust funds and agency funds. The pension trust funds and nonexpendable trust funds use the accrual basis of accounting.

Each agency has responsibility for maintaining its own accounting system. There are various data processing systems throughout the state. The largest, used by approximately one hundred agencies, is the Executive Department Accounting System. The next largest, the Department of Higher Education system, is used by eighteen agencies, including the state universities.

The Executive Department maintains control over expenditures by quarterly allotting appropriations and expenditure limitations established by legislative action. The Executive Department is required to make allotments of appropriations and expenditure limitations to assure that each agency operates within its legislatively approved allowance and to promote more economic and efficient management of state agencies.

Agencies' expenditures are monitored daily against approved budgets, quarterly allotments, and cash balances. At the end of the biennium, with few exceptions, goods and services must be received by June 30 in order to be charged against the current biennium. On December 31 of each odd-numbered year, appropriations revert and expenditure limitations are cancelled.

General Government Functions

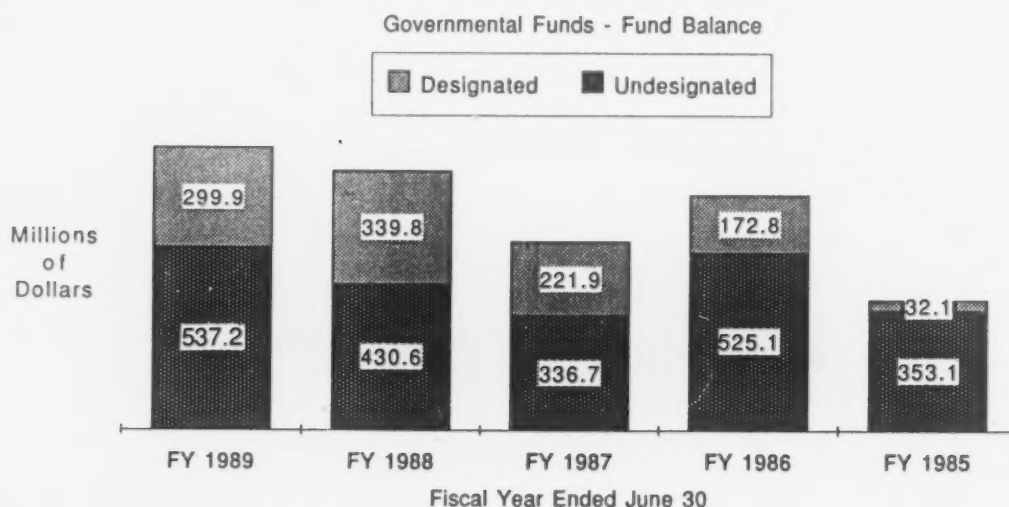
General governmental activities are accounted for in four governmental fund types: General, Special Revenue, Debt Service, and Capital Projects Funds. General Fund revenues may be appropriated for any public purpose. Once available, General Fund revenues are allocated to the various purposes.

An increased appropriation for one agency or program may require a reduction in the appropriation for some other area or program. Therefore, each significant budgetary decision regarding the priority of a particular program may require collateral adjustment of some other program.

Most Other Funds revenues are either continuously appropriated to certain agencies or are dedicated by laws to the support of specific programs. Since Other Funds may not be shifted between major programs, interagency and interprogram competition for funds is limited. Thus, budgetary review is confined largely to examination of priorities and alternatives within each program element.

The bar graph below illustrates the aggregate fund balances of governmental funds at the end of each fiscal year since June 30, 1984. Portions of the Undesignated Fund Balance are restricted for use within Constitutionally Dedicated Funds.

Governmental Funds-Fund Balance - Highlighting the Undesignated Fund Balance



The schedule below presents governmental fund revenues for the fiscal year ended June 30, 1989, with comparisons to prior year data.

Governmental Fund Revenue

For Fiscal Years Ended June 30, 1989, and 1988
(Dollars in Millions)

Revenue	FY 1989	% of FY 1989 Total	FY 1988	Increase (Decrease) from Prior Year	% of Increase (Decrease)
Income Tax	\$1,716	43.1	\$1,641	\$ 75	34.7
Sales and Use Tax	439	11.1	390	49	22.7
Other Taxes	204	5.1	207	(3)	(1.4)
Federal Revenue	1,202	30.2	1,078	124	57.4
Other Revenues	<u>418</u>	<u>10.5</u>	<u>447</u>	<u>(29)</u>	<u>(13.4)</u>
Revenue	<u>\$3,979</u>	<u>100.0</u>	<u>\$3,763</u>	<u>216</u>	<u>100.0</u>

Governmental fund expenditures by function for fiscal year ended June 30, 1989, with comparison to the prior year are presented below.

Governmental Fund Expenditures by Function
(Dollars in Millions)

<u>Expenditures</u>	<u>FY 1989</u>	<u>% of FY 1988 Total</u>	<u>FY 1988</u>	<u>Increase (Decrease) from Prior Year</u>	<u>% of Increase (Decrease)</u>
Economic Development	\$ 262	7.1	\$ 238	\$ 24	6.9
Education	791	21.6	748	43	12.3
Human Resources	1,254	34.3	1,073	181	51.7
Natural Resources	156	4.3	152	4	1.1
Public Safety	85	2.3	82	3	.9
Transportation	599	16.4	554	45	12.9
Admin. and Support	328	9.0	310	18	5.1
Legislative	21	.6	13	8	2.3
Judicial	104	2.8	94	10	2.8
Debt Service	36	1.0	28	8	2.3
Capital Construction	<u>21</u>	<u>.6</u>	<u>15</u>	<u>6</u>	<u>1.7</u>
Total Expenditures	<u>\$3.657</u>	<u>100.0</u>	<u>\$3.307</u>	<u>\$350</u>	<u>100.0</u>

Proprietary Operations

The largest proprietary operation in the State is the Department of Veterans' Affairs, which makes home mortgage loans to qualified veterans. The Department had a net income before extraordinary items approximating

\$24 million in fiscal year 1988-89. It also had an extraordinary loss of \$12.5 million relating to a sale of Interest Rate Cap agreements.

Debt Administration

To provide for the efficient coordination of bond issuance by the various state agencies, Oregon Revised Statutes give the State Treasurer authority to review and approve the terms and conditions of sale. Centralizing this authority encourages the bond issuing agencies to plan their offerings well in advance and work together to obtain the most favorable market reception.

In addition, the uniform approach permits greater control of the state's overall debt position, allowing the Treasurer to address the interests and concerns of the financial community and rating agencies as well as those of the state agencies.

Cash Management

The Oregon Revised Statutes provide for a system of checks and balances. Under the Statutes, the Executive Department supervises state agency accounting. In consultation with the Secretary of State and State Treasurer, the Executive Department prescribes rules and regulations for preparation of agency budgets, and makes and supervises allotments. The Secretary of State, as auditor of public accounts, may disapprove claims for payment from any moneys in the State Treasury.

All state moneys collected by state agencies are turned over to the State Treasurer, who is responsible for control of the cash and investment of state funds.

The State Treasurer pools all available cash into a general account called the Oregon Short-Term Fund from which investments are made in a variety of instruments. The average yield on these investments for fiscal year end June 30, 1989, was 8.4%. The State Treasurer also makes separate investments for a variety of funds.

Risk Management

The Department of General Services provides property and tort insurance for all state agencies. It is responsible for the status of the Insurance Fund, the self-insurance programs, and for the administration, investigation, and settlement of claims against those funds. The Legislature has determined that the Insurance Fund must operate on an actuarially sound basis.

Other Relevant Information

The Secretary of State, as State Auditor, audits the accounts and financial affairs of each state agency not less often than once each three-year period under ORS 297.210. An audit is also required at any time the executive head of an institution or department retires.

A copy of the report on each audit is submitted to the Governor, the Legislative Fiscal Officer and the Executive Department. The report lists deficiencies in the financial statements, accounting records, or internal control procedures, most of which require corrective action by the agency.

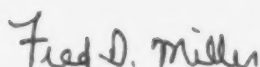
The State of Oregon implemented the Single Audit for the fiscal year ended June 30, 1984. The Single Audit encompasses all federal assistance received by the state.

The Single Audit is a financial and compliance audit, as defined in Standards for Audit of Governmental Organizations, Programs, Activities and Functions, promulgated by the Comptroller General of the United States (GAO Audit Standards).

Acknowledgments

I want to express my sincere appreciation to the many individuals whose dedicated efforts made this report possible. The herculean effort could not be accomplished without the efficient and dedicated services of the entire staff of the Accounting Division.

Thanks also to all the state agencies for their interest and support in planning and conducting the financial operations of Oregon in a professionally responsible and progressive manner.



Fred D. Miller
Director

FDM:gj

ORGANIZATION OF STATE GOVERNMENT

General Organization

The government of the State of Oregon is comprised of three separate branches: Executive, Legislative, and Judicial. The Executive Branch, which administers state agencies and enforces state laws, is headed by six independently elected officials. These are the Governor, Secretary of State, State Treasurer, Attorney General, Labor Commissioner, and Superintendent of Public Instruction.

The Governor, Secretary of State, and State Treasurer, in addition to performing their individual duties, jointly form the Land Board. The three members of the Board have equal responsibilities and the Governor serves as chairperson.

The Attorney General, Superintendent of Public Instruction, and Labor Commissioner are elected to carry out the particular duties of their respective divisions.

The Executive Branch

The Governor is elected to a four-year term and is limited to serving two terms in any twelve-year period. The present Governor, Neil Goldschmidt, assumed office on January 12, 1987. Responsibilities of the Governor, in addition to chairing the Land Board, include planning and recommending a budget to the State Legislature, coordinating activities of state agencies and coordinating services of federal and local governments.

The Governor is empowered to call sessions of the Legislature and may veto single items in appropriation bills or any clause in bills declaring an emergency. He appoints numerous agency heads, board and commission members, and other officials.

The Secretary of State is the auditor of public accounts in the state and is chief elections officer. As auditor, the Secretary of State conducts audits of municipal corporations and audits the accounts and financial affairs of state boards, commissions, departments, and institutions. The Secretary of State also edits, codifies, and publishes Administrative Rules, which supplement laws passed by the Legislature and prescribe the manner in which state agencies conduct their business.

The State Treasurer is responsible for all moneys paid into the State Treasury and, as the State's Investment Officer, invests trust and general funds. The Treasurer also receives and disburses state funds, has custody of securities deposited with the state, and oversees the issuing, paying of interest, and retiring of bonds. The Treasurer is a member of the Oregon Investment Council, the State Land Board, the Local Government Investment Board, the Municipal Debt Advisory Commission, the Public Contract Review Board, and the Oregon Mass Transportation Financing Authority.

The State Land Board was created by the 1967 Legislature to supervise administration of state-owned lands and public rights in submerged and submersible lands. Proceeds from the use of these lands are deposited as principal in the Common School Trust Fund. Interest from the Fund is paid to counties for school operation.

The Legislative Branch

Oregon's Legislative Branch is comprised of a bicameral legislative assembly and its permanent and temporary legislative committees. The Senate has thirty members elected to four-year terms with half elected every two years. The House of Representatives has sixty members, all elected every two years.

The Legislature convenes its regular session in January of each odd-numbered year. The next session is scheduled to begin on January 14, 1991. Session length is not prescribed by the Constitution, but it is usually of about six months' duration. The Legislature normally considers between 2,500 and 3,000 bills during a regular session and approximately 25 to 30 percent of these are enacted into law.

Special sessions of the Legislature may be called by the Governor or by a majority of each house to deal with emergency situations. Since 1970, the Legislature has held eleven special sessions which have lasted between one and 37 days. The Legislature has never exercised its right to call itself into special session.

The primary function of the Legislature is to enact laws, to provide a forum for public discussion, and to determine fiscal policy together with the Executive branch. Certain Executive decisions are subject to confirmation by the Legislature. In addition, since 1977, Oregon has had a "sunset" law under which certain agencies and programs are terminated unless their continuation is specifically approved by the Legislature.

The Oregon Constitution, Article IX, Section 6, provides that the state may not budget expenditures in excess of revenues. Therefore, the Legislative and Executive branches must provide a balanced budget. The Legislature reviews and revises the Governor's recommended budget and passes appropriation measures to provide revenues. Because the Legislature convenes biennially, the finances of the state are managed on a biennial basis. However, state law requires that the Executive Department prepare a financial report of state operations at the end of each fiscal year. The first such report was prepared as of June 30, 1979.

Of significant importance in the Legislative branch is the Emergency Board, a joint legislative committee created by statute. The seventeen-member Emergency Board consists of the President of the Senate, Speaker of the House of Representatives, Co-Chairpersons of the Joint Ways and Means Committee, six other Senate members and seven other House members. The Emergency Board, which may schedule its own meetings, usually meets once each month during the interim period between regular sessions.

Where an emergency exists, the Emergency Board may allocate to any state agency moneys in addition to those allocated by the Legislature. These allocations are from funds appropriated to the Board for emergency use. The Board may take other actions to meet emergency interim needs, such as providing funding for an activity required by law, authorizing expenditures from dedicated or continuously appropriated funds, and approving funding for a new activity coming into existence at a time which would preclude submitting a budget to the Legislature.

In addition, the Legislature has a variety of statutory and interim committees that function throughout the biennium. Joint statutory committees include: Legislative Counsel Committee, Legislative Administration Committee, Legislative Audit Committee, Land Use Committee, Legislative Data Processing Committee, Legislative Trade and Economic Development Committee and the Legislative Revenue and School Finance Committee. Interim joint committees include the Judiciary Committee, Education Committee, Health Care Committee, Water Policy Committee, and the Environmental and Hazardous Materials Committee.

The Judicial Branch

The Judicial Branch consists of the Supreme Court, the Court of Appeals, the Tax Court, and Circuit and District Courts. The seven-justice Supreme Court was created and its jurisdiction defined by the Constitution. The Supreme Court has discretionary review of decisions of the Court of Appeals.

A five-judge Court of Appeals was created by the Legislature in 1969, expanded to six judges in 1973 and expanded to ten judges in 1977. The Court of Appeals has exclusive jurisdiction over all civil and criminal appeals from circuit and district courts and review of orders of state administrative agencies, Department of Corrections disciplinary actions, and Board of Parole orders.

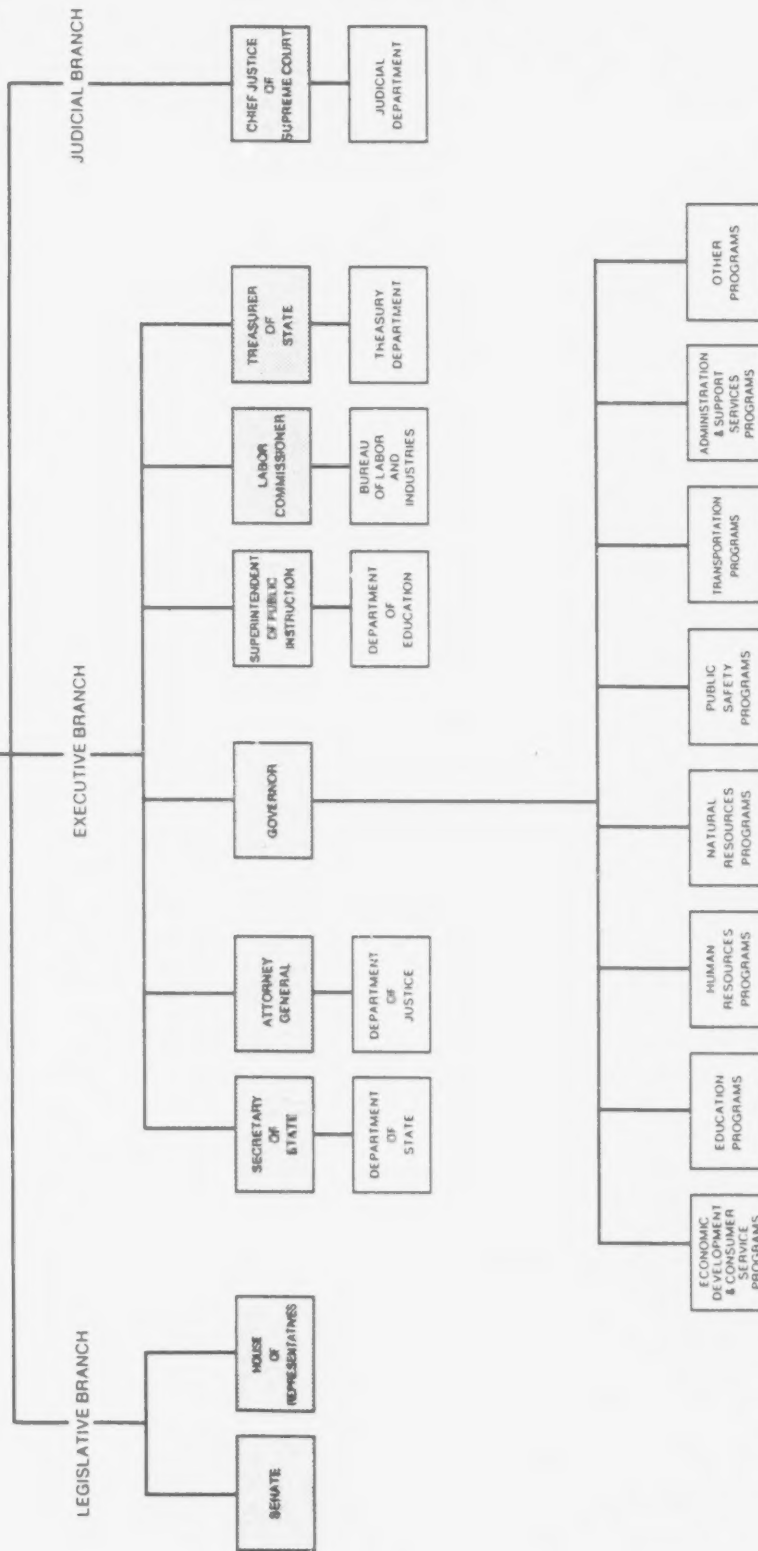
The one-judge Tax Court, created by the 1961 Legislature, has exclusive jurisdiction over tax-related matters. The Circuit Court is the state trial court of general jurisdiction, and the District Court is the trial court of limited jurisdiction.

All judges are elected to six-year terms on a non-partisan ballot. The Chief Justice exercises administrative authority over the courts of Oregon.

Exhibit 1 summarizes the organization of state government in Oregon.

STATE OF OREGON
ORGANIZATION OF GOVERNMENT
THE PEOPLE OF THE STATE OF OREGON

Exhibit 1



SHADING DEPICTS ELECTIVE OFFICES

The Superintendent of Public Instruction reports to the State Board of Education, appointed by the Governor.
Source: State of Oregon, Executive Department, Budget and Management Division.

STATE PROGRAM AREAS

Economic Development and Consumer Services

The rapid expansion of the Oregon economy since 1970 has resulted in increasing demands for a wide variety of public services related to consumer protection, business regulation and public safety in the commercial sector. These demands have been met through more effective operation of existing programs and through the consolidation of overlapping activities wherever possible. The common elements of the many State agencies in this program are the safety and protection of the Oregon public as consumers and producers, as employees and employers, and as savers and investors. In the area of economic development, a variety of local economic stimulation projects are intended to provide more job opportunities for Oregonians and to generally stimulate Oregon's economy. The Oregon Department of Economic Development is overseen by the Economic Development Commission and is active in international trade, port activities, industrial development incentive programs, and small business assistance.

Education

The education program area includes the Department of Education, the Department of Higher Education, and educational support agencies. The Department of Education, acting under the direction of the State Board of Education, exercises all administrative functions of the State relating to supervision, management and control of public, elementary and secondary schools and community colleges. The Department of Higher Education provides direct educational services through the State colleges and universities. The activities of both Departments are coordinated by the Office of Educational Policy and Planning.

The Legislature appropriates funds to be distributed to local school districts in support of basic educational programs.

Human Resources

Human resource agencies offer a variety of social services. Services offered include financial support to needy persons, medical care, protective services, and rehabilitation. Expenditures in these program areas continue to represent approximately 30% of the General Fund budget and 25% of the total state budget.

Natural Resources

The overall goal for the thirteen agencies in this program area is to conserve, develop, and protect the State's natural resources.

Public Safety

The overall goal for the public safety program area is a reduction in the amount of harm to individuals and damage to property caused by events of natural disasters, civil disorders, traffic accidents, criminal activities, and armed conflict. Other major objectives include improvement of criminal prosecution and consumer protection from fraudulent business practices.

Transportation

The transportation program area consists of the Department of Transportation and the Travel Information Council. The basic goal of the Department of Transportation is to provide the State with systems of transportation which are safe, are environmentally compatible and provide for orderly economic growth. The Travel Information Council develops and maintains a Motorist Information and Sign Plaza Program and promulgates regulations to control on-premise signs and signs in unzoned commercial and industrial areas. Part of its functions were transferred to the Economic Development Department as a result of 1983 legislation.

State of Oregon

Administration and Support Services

This program area includes those agencies which provide either executive leadership or administrative and planning support services to line agencies. The state's tax relief programs are included within this program area because they are administered by the Department of Revenue.

Legislative Branch

The Legislative Branch is comprised of the Legislative Assembly and the permanent and temporary legislative committees. The bicameral ninety member Oregon Legislative Assembly convenes in odd-numbered years in regular legislative session. Permanent statutorily established legislative committees provide special staff services to the Legislature. The Legislative Branch also includes the Emergency Board.

Judicial Branch

The judicial program area is comprised of the state supported portion of the Judicial Branch of government to ensure an effective judicial system for the State including district and circuit courts.

STATE BUDGETARY PROCESS

The Oregon budget is approved on a biennial basis by separate appropriation measures. Although the Governor recommends a budget, no omnibus budget measure is approved. Biennia begin July 1 and end June 30 of odd-numbered years. Measures are passed for the approaching biennium during each regular Legislative session, held beginning in January of odd-numbered years. However, the budgeting process begins several months prior to the beginning of a biennium.

The budgeting process begins with the development of a tentative budget as an internal document in the Executive Department. Expenditure estimates range from maintaining present spending to providing for growth of existing programs or expanding programs, all adjusted for inflation. Revenues in the tentative budget are also forecast in a range. Oregon law (ORS 291.208) requires each agency to submit budget requests to the Executive Department prior to September 1 of each even-numbered year. During the fall, these budget requests are reviewed and budget hearings are held by the Executive Department and the Governor.

The Governor's budget recommendations to the Legislature must be completed by early November in order to meet the December 1 statutory deadline for distribution of printed copies to the Legislature. Appropriation bills for each agency are prepared separately and filed during December so that when the Legislature convenes in January the Joint Ways and Means Committee can begin considering each bill.

Serving as staff to the Ways and Means Committee, the Legislative Fiscal Office analyzes each budget. Public hearings are held by Ways and Means subcommittees before the recommended budget bills are referred to the full Legislature for a final vote.

The Governor may veto any bill. In addition, the Governor may veto single items in appropriation bills, and any provision in new bills declaring an emergency without affecting any other provision of that bill. The Governor's veto may be overridden by a two-thirds vote of the Legislature.

Because the Oregon Legislature meets in regular session for approximately six months of each biennium, provision is made for interim funding through the Legislative Emergency Board. The Emergency Board is authorized to make allocations of General Fund moneys to state agencies from the State Emergency Fund. The Emergency Board may also authorize increases in expenditure limitations from Other or Federal Funds, (dedicated or continuously appropriated funds) and may take other actions to meet emergency needs when the Legislature is not in session.

The most significant feature of the budgeting process in Oregon is the constitutional requirement that the budget be in balance at the end of each biennium. Article IX, Section 6 of the Oregon Constitution states that "whenever the expenses, of any fiscal year, shall exceed the income, the Legislative Assembly shall provide for levying a tax, for the ensuing fiscal year, sufficient, with other sources of income, to pay the deficiency, as well as the estimated expense of the ensuing fiscal year." Because of this provision, Oregon may not budget a deficit and is required to alleviate any revenue shortfalls within each biennium.

The biennial budget used in Oregon makes it more difficult to accurately forecast revenues and expenditures than in an annual budget cycle. At the same time, a biennial period allows for correction in the event a revenue shortfall occurs.

BARBARA ROBERTS
SECRETARY OF STATE



AUDITS DIVISION
WILLIAM L. MILES
DIRECTOR
158 - 12TH STREET N.E.
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Independent Auditor's Report

Honorable Neil Goldschmidt
Governor of Oregon
State Capitol
Salem, Oregon 97310

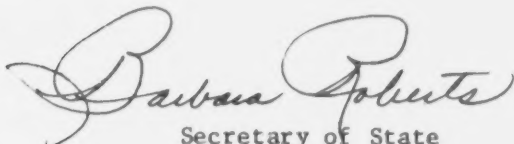
We have audited the general purpose financial statements of the State of Oregon, as of and for the year ended June 30, 1989, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the State of Oregon, Executive Department. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

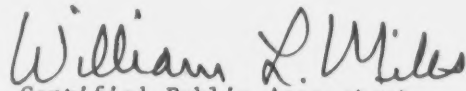
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Oregon as of June 30, 1989, and the results of its operations and the changes in financial position of its proprietary and similar trust fund types for the years then ended in conformity with generally accepted accounting principles.

Our audit was made solely for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group statements and schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the State of Oregon. This information has not been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, accordingly, we do not express any opinion with regard to its relationship to the general purpose financial statements taken as a whole. However, we noted that the combining budget comparison statements present information by fund type, rather than by individual fund, as required by generally accepted accounting principles for comprehensive annual financial reports. In addition, the Combining Statement of Changes in Assets and Liabilities - All Agency Funds is presented on a combined basis rather than a functional basis which is the presentation method used for all other combining statements.

The other data included in this report, designated as the introductory section and the statistical section in the table of contents, has not been audited by us and, accordingly, we express no opinion on such data.



Secretary of State
and
Auditor of Public Accounts



Certified Public Accountant
and Director
Division of Audits

February 9, 1990, except for Note S.5., as
to which the date is February 21, 1990.

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General Purpose Financial Statements



**Windsurfing on the
Columbia River**



**Rafting the
Deschutes River**

**Willamette Falls
Oregon City, Oregon**



State of Oregon

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1989
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE
ASSETS AND OTHER DEBITS						
Assets:						
Cash and Investments	\$235,919	\$529,573	\$ 98,648	\$ 335	\$2,049,973	\$ 77,036
Cash and Securities Held in Trust	-	4,367	-	-	-	-
Receivables	12,097	201,120	2,312	143	322,091	133,400
Interfund Receivables	224,713	56,025	-	32,741	14,168	5,302
Taxes Receivable	193,894	23,859	-	-	-	-
Inventories	12,711	31,639	-	-	25,331	4,371
Prepaid Expenses and Deferred Charges	26	41	-	44	9,860	1,313
Contracts, Mortgages, and Notes Receivable (Net)	-	127,932	4,366	38	4,580,610	136
Advances to Other Funds	56,076	921	-	-	19,644	-
Foreclosed and Deeded Property	-	-	-	-	23,329	-
Restricted Assets - Cash and Investments	-	-	-	-	807,162	-
Receivership Assets	-	-	-	-	-	-
Fixed Assets	-	-	-	-	61,280	95,627
Other Debits:						
Amounts Available for Retirement of L-T Debt	-	-	-	-	-	-
Amounts to be Provided for Retirement of L-T Obligations	-	-	-	-	-	-
Total Assets	\$735,436	\$975,477	\$105,326	\$33,301	\$7,913,448	\$317,185
LIABILITIES, EQUITY AND OTHER CREDITS						
Liabilities:						
Accounts and Interest Payable	\$358,020	\$153,564	\$ 9	\$ 2,086	\$ 207,340	\$ 25,301
Interfund Payables	76,050	114,958	3	564	36,717	112,624
Due to Other Governments	3,163	48,169	-	-	26,500	-
Trust and Agency Funds Payable	-	5,399	-	-	-	-
Deferred Compensation Payable	-	-	-	-	-	-
Contract, Mortgages, and Notes Payable	-	-	-	-	141,018	10,183
Obligations Under Capital Lease	-	-	-	-	7	850
Advances from Other Funds	13,488	51,123	15	-	6,292	5,031
Bonds/COPs Payable	-	-	736	-	5,972,266	6,862
Deferred Income	120,776	52,505	-	6	72,083	106
Vacation Payable	5,048	6,695	-	-	7,738	2,516
Claim Loss Liability	-	-	-	-	1,120,953	68,464
Total Liabilities	576,545	432,413	763	2,656	7,590,914	231,937
Equity and Other Credits:						
Investment in Fixed Assets/Plant	-	-	-	-	-	-
Contributed Capital	-	-	-	-	11,553	52,096
Unrealized Gain on Investments	-	-	-	-	14,291	-
Retained Earnings - Unreserved	-	-	-	-	296,690	33,152
Fund Balances:						
Reserved for Encumbrances	-	-	-	-	-	-
Reserved for Inventories	12,711	31,639	-	-	-	-
Reserved for Revolving Accounts	1	1,058	-	-	-	-
Reserved for Loans Receivable	-	95,684	4,366	38	-	-
Reserved for Advances to Other Funds	53,220	921	-	-	-	-
Reserved for Debt Service	-	-	100,197	-	-	-
Reserved - Other	26	40	-	44	-	-
Reserved for Public Employees Retirement System	-	-	-	-	-	-
Reserved for Trust Fund Principal	-	-	-	-	-	-
Unreserved, Undesignated	92,933	413,722	-	30,563	-	-
Restricted	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total Equity and Other Credits	158,891	543,064	104,563	30,645	322,534	85,248
Total Liabilities, Equity and Other Credits	\$735,436	\$975,477	\$105,326	\$33,301	\$7,913,448	\$317,185

FIDUCIARY FUND TYPES TRUST AND AGENCY	COLLEGE AND UNIVERSITY FUNDS	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
		GEN. FIXED	GEN. LONG-	JUNE 30	
		ASSETS	TERM DEBT	1989	1988
\$12,067,587	\$ 227,910	\$ -	\$ -	\$15,286,981	\$13,304,904
936,599	-	-	-	940,966	859,971
214,954	62,616	-	-	948,733	939,623
458,141	29,840	-	-	820,930	614,897
110,698	-	-	-	328,451	135,398
139	9,302	-	-	83,493	81,934
2,542	4,743	-	-	18,569	40,673
188,442	71,244	-	-	4,972,768	5,052,579
8	-	-	-	76,649	76,272
-	-	-	-	23,329	39,805
-	-	-	-	807,162	830,790
70,295	-	-	-	70,295	-
6,963	1,043,742	715,993	-	1,923,605	1,783,835
-	-	-	104,563	104,563	113,640
-	-	-	159,028	159,028	224,710
<u>\$14,056,368</u>	<u>\$1,449,397</u>	<u>\$715,993</u>	<u>\$263,591</u>	<u>\$26,565,522</u>	<u>\$24,099,031</u>
\$ 41,113	\$ 29,920	\$ -	\$ -	\$ 817,353	\$ 563,128
479,873	141	-	-	820,930	614,897
18,862	76	-	-	96,770	133,911
2,055,198	9,359	-	-	2,069,956	1,717,792
118,100	-	-	-	118,100	95,722
-	-	-	10,398	161,599	206,793
-	-	-	-	857	956
-	701	-	-	76,650	76,272
-	218,341	-	227,635	6,425,840	6,625,185
24,602	16,059	-	-	286,137	168,648
294	16,380	-	24,259	62,930	56,281
-	-	-	1,299	1,190,716	1,170,945
<u>2,738,042</u>	<u>290,977</u>	<u>-</u>	<u>263,591</u>	<u>12,127,838</u>	<u>11,430,530</u>
-	823,117	715,993	-	1,539,110	1,445,176
-	-	-	-	63,649	59,488
-	-	-	-	14,291	9,982
-	-	-	-	329,842	360,889
-	-	-	-	-	34,289
-	-	-	-	44,350	44,409
-	-	-	-	1,059	1,210
-	-	-	-	100,088	94,136
-	-	-	-	54,141	56,887
-	-	-	-	100,197	108,790
-	-	-	-	110	83
10,353,718	-	-	-	10,353,718	9,017,908
172,600	-	-	-	172,600	162,346
792,008	-	-	-	1,329,226	1,022,558
-	144,318	-	-	144,318	224,898
-	190,985	-	-	190,985	25,452
<u>11,318,326</u>	<u>1,158,420</u>	<u>715,993</u>	<u>-</u>	<u>14,437,684</u>	<u>12,668,501</u>
<u>\$14,056,368</u>	<u>\$1,449,397</u>	<u>\$715,993</u>	<u>\$263,591</u>	<u>\$26,565,522</u>	<u>\$24,099,031</u>

The notes to the financial statements are an integral part of this report.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1989
(Expressed in Thousands)**

	<u>GOVERNMENTAL FUND TYPES</u>			
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>
<u>Revenues:</u>				
Taxes	\$1,848,957	\$ 509,604	\$ -	\$ -
Licenses and Fees	18,705	154,072	-	-
Federal Revenues	59	1,200,791	-	1,522
Charges for Services	2,889	61,605	-	11
Fines and Forfeitures	12,494	13,576	-	-
Rents and Royalties	118	2,731	-	3
Interest and Investment Income	27,682	31,587	9,951	2
Sales Income	2,261	45,832	-	-
Other Revenues	<u>3,640</u>	<u>30,560</u>	<u>-</u>	<u>25</u>
Total Revenues	<u>1,916,805</u>	<u>2,050,358</u>	<u>9,951</u>	<u>1,563</u>
<u>Expenditures:</u>				
Economic Development	26,265	235,556	-	-
Education	123,004	667,925	-	-
Human Resources	528,403	725,570	-	-
Natural Resources	27,991	127,713	-	-
Public Safety	60,825	24,702	-	-
Transportation	4,545	594,422	-	-
Administrative & Support Services	49,098	278,500	-	-
Legislative	20,270	1,261	-	-
Judicial	94,906	8,772	-	-
Capital Outlay	-	-	-	20,984
Debt Service	<u>-</u>	<u>-</u>	<u>36,377</u>	<u>-</u>
Total Expenditures	<u>935,307</u>	<u>2,664,421</u>	<u>36,377</u>	<u>20,984</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>981,498</u>	<u>(614,063)</u>	<u>(26,426)</u>	<u>(19,421)</u>
<u>Other Financing Sources (Uses):</u>				
Operating Transfers-In	29,992	927,916	18,190	49,814
Operating Transfers-out	(960,052)	(317,378)	(39)	(44)
Loan Repayments	224	15,767	509	-
Loan Proceeds	-	43	-	-
Leases Incurred	3,359	901	-	-
Extraordinary Gain (Loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(926,477)</u>	<u>627,249</u>	<u>18,660</u>	<u>49,770</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>55,021</u>	<u>13,186</u>	<u>(7,766)</u>	<u>30,349</u>
Fund Balances - Beginning	128,270	528,243	113,640	252
Prior Period Adjustments	<u>(22,419)</u>	<u>(3,569)</u>	<u>(827)</u>	<u>-</u>
Fund Balances - Beginning - As Restated	105,851	524,674	112,813	252
Increase (Decrease) in Reserves:				
Inventories	1,040	(1,260)	-	-
Revolving Accounts	-	(46)	-	-
Loans Receivable	-	6,315	(484)	-
Advances to Other Funds	(3,009)	261	-	-
Other	(12)	172	-	44
Residual Equity Transfers-In	-	-	-	-
Residual Equity Transfers-out	<u>-</u>	<u>(238)</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 158,891</u>	<u>\$ 543,064</u>	<u>\$104,563</u>	<u>\$30,645</u>

FIDUCIARY EXPENDABLE TRUST	TOTALS (MEMORANDUM ONLY)	
	FISCAL YEAR ENDED JUNE 30	
	1989	1988
\$362,055	\$2,720,616	\$2,566,430
22	172,799	168,063
6,824	1,209,196	1,087,635
1,838	66,343	112,187
-	26,070	24,285
-	2,852	3,319
84,451	153,673	124,615
-	48,093	41,423
<u>8,370</u>	<u>42,595</u>	<u>36,153</u>
<u>463,560</u>	<u>4,442,237</u>	<u>4,164,110</u>
179	262,000	238,126
871	791,800	748,514
210,310	1,464,283	1,290,681
11,992	167,696	159,382
1	85,528	81,999
-	598,967	554,236
9,613	337,211	311,727
-	21,531	12,909
-	103,678	93,826
-	20,984	15,502
<u>-</u>	<u>36,377</u>	<u>27,963</u>
<u>232,966</u>	<u>3,890,055</u>	<u>3,534,865</u>
<u>230,594</u>	<u>552,182</u>	<u>629,245</u>
963	1,026,875	900,588
(2,441)	(1,279,954)	(1,194,364)
73	16,573	92,087
-	43	780
-	4,260	454
<u>-</u>	<u>-</u>	<u>(68,840)</u>
<u>(1,405)</u>	<u>(232,203)</u>	<u>(269,295)</u>
<u>229,189</u>	<u>319,979</u>	<u>359,950</u>
591,177	1,361,582	1,006,252
<u>(206)</u>	<u>(27,021)</u>	<u>(278)</u>
590,971	1,334,561	1,005,974
-	(220)	4,770
-	(46)	(752)
-	5,831	12,859
-	(2,748)	(1,041)
-	204	3
27	27	351,607
<u>(34,176)</u>	<u>(34,414)</u>	<u>(371,788)</u>
<u>\$786,011</u>	<u>\$1,623,174</u>	<u>\$1,361,582</u>

The notes to the financial statements are an integral part of this report.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP) AND ACTUAL
GENERAL, SPECIAL REVENUE, DEBT SERVICE AND CAPITAL PROJECTS FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1989
(Expressed in Thousands)**

	1987-89 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL FUND				
Revenues:				
Taxes	\$3,400,110	\$1,590,378	\$2,023,050	\$213,318
Licenses and Fees	37,668	17,119	18,705	(1,844)
Federal Revenues	-	59	59	118
Charges for Services	5,571	2,677	2,889	(5)
Fines and Forfeitures	24,750	12,115	12,494	(141)
Rents and Royalties	-	130	118	248
Interest and Investment Income	51,000	32,480	27,682	9,162
Sales Income	3,480	2,131	2,261	912
Other Revenues	6,773	2,447	3,637	(689)
Total Revenues	3,529,352	1,659,536	2,090,895	221,079
Expenditures:				
Economic Development	39,886	19,692	20,169	25
Education	1,274,716	615,148	659,544	24
Human Resources	1,107,706	546,919	557,362	3,425
Natural Resources	74,963	45,755	28,634	574
Public Safety	122,093	61,280	60,798	15
Transportation	9,145	4,599	4,545	1
Administrative & Support Services	250,809	122,771	124,002	4,036
Legislative	31,210	11,311	19,127	772
Judicial	177,116	85,923	93,161	(1,968)
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Total Expenditures	3,087,644	1,513,398	1,567,342	6,904
Excess (Deficiency) of Revenues Over (Under) Expenditures	441,708	146,138	523,553	227,983
Other Financing Sources (Uses):				
Operating Transfers-in	60,924	28,742	29,992	(2,190)
Operating Transfers-out	(659,601)	(273,282)	(318,566)	67,753
Transfers-out - Other	-	-	-	-
Transfers to Cities and Counties	-	-	-	-
Loan Repayments	-	-	298	298
Bond Proceeds	-	-	-	-
Loan Proceeds	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ (156,969)	(98,402)	235,277	\$293,844
Fund Balances - Beginning		111,270	128,270	
Transactions Recorded During the Year But Charged to Prior Biennia:				
Revenues		(1,749)	(856)	
Expenditures		(6,568)	(86)	
Activity not Subject to Budgetary Guidelines:				
Revenues		-	-	
Expenditures		-	-	
Extraordinary Gain (Loss)		(68,840)	-	
Increase (Decrease) in Reserves:				
Inventories		42	1,040	
Revolving Accounts		-	-	
Loans Receivable		-	-	
Advances to Other Funds		(870)	(3,009)	
Other		9	(12)	
GAAP Reclassification of Fund Equity		193,378	(179,314)	
Prior Period Adjustments		-	(22,419)	
Residual Equity Transfers-in		-	-	
Residual Equity Transfers-out		-	-	
Fund Balances - Ending		\$ 128,270	\$ 158,891	

SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS				CAPITAL PROJECTS FUNDS			
1987-89 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)	1987-89 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)	1987-89 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 747,376	\$ 393,120	\$ 440,956	\$ 86,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
266,168	144,780	149,446	28,058	-	-	-	-	-	-	-	-
1,875,197	915,050	1,024,726	64,579	-	-	-	-	8,546	30	1,464	(7,052)
120,739	107,775	61,276	48,312	-	-	-	-	133	1	11	(121)
4,568	3,709	3,981	3,122	-	-	-	-	-	-	-	-
4,847	3,180	2,731	1,064	-	-	-	-	23	-	3	(20)
20,744	14,268	21,498	15,022	-	-	-	-	-	-	-	-
60,510	37,079	43,279	19,848	-	-	-	-	-	-	-	-
61,131	25,748	24,112	(11,271)	-	-	-	-	124	26	35	(63)
<u>3,161,280</u>	<u>1,644,709</u>	<u>1,772,005</u>	<u>255,434</u>	-	-	-	-	<u>8,826</u>	<u>57</u>	<u>1,513</u>	<u>(7,256)</u>
305,310	119,626	139,435	46,249	-	-	-	-	-	-	-	-
275,001	130,907	134,970	9,124	-	-	-	-	-	-	-	-
1,367,098	616,226	719,873	30,999	-	-	-	-	-	-	-	-
251,731	111,596	110,285	29,850	-	-	-	-	-	-	-	-
43,990	17,591	20,753	5,646	-	-	-	-	-	-	-	-
890,400	428,476	474,920	(12,996)	-	-	-	-	-	-	-	-
30,639	4,385	17,976	8,278	-	-	-	-	-	-	-	-
3,252	530	943	1,779	-	-	-	-	-	-	-	-
195	39	49	107	-	-	-	-	-	-	-	-
-	-	-	-	6,625	3,242	3,008	375	83,287	13,402	25,556	44,329
<u>3,167,616</u>	<u>1,429,376</u>	<u>1,619,204</u>	<u>119,036</u>	<u>6,625</u>	<u>3,242</u>	<u>3,008</u>	<u>375</u>	<u>83,287</u>	<u>13,402</u>	<u>25,556</u>	<u>44,329</u>
(6,336)	215,333	152,801	374,470	(6,625)	(3,242)	(3,008)	375	(74,461)	(13,345)	(24,043)	37,073
1,209,615	731,694	687,086	209,165	6,625	3,242	2,992	(391)	76,311	11,168	50,741	(14,402)
(879,411)	(592,805)	(628,849)	(342,243)	-	-	-	-	(21,250)	(454)	-	20,796
(145,523)	(86,809)	(55,364)	3,350	-	-	-	-	-	-	-	-
(297,109)	(146,815)	(173,673)	(23,379)	-	-	-	-	-	-	-	-
16,252	12,933	15,764	12,445	-	-	-	-	-	-	-	-
65,000	76,353	138	11,491	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	354	75	(98)	(377)
<u>\$ (37,512)</u>	<u>209,884</u>	<u>(2,097)</u>	<u>\$245,299</u>	<u>\$ -</u>	<u>-</u>	<u>(16)</u>	<u>\$ (16)</u>	<u>\$(19,046)</u>	<u>(2,556)</u>	<u>26,600</u>	<u>\$43,090</u>
	328,450	528,243			118,283	113,640			561	252	
	(4,064)	(6,579)				308			7,978	1,428	
	8,100	(175)							(4,921)	(1,742)	
	777,567	856,393			21,197	25,335			3	42	
	(800,650)	(833,117)			(24,818)	(33,484)			(3)	(90)	
	4,728	(1,250)			-	-			-	-	
	(752)	(46)			-	-			-	-	
	13,552	6,315			(693)	(484)			-	-	
	(171)	261			-	-			-	-	
	(6)	172			-	-			-	-	
	(9,627)	(1,239)			97	91			(805)	4,111	
	135	(3,569)			(426)	(827)			(5)	-	
	1,607	-			-	-			-	-	
	(510)	(238)			-	-			-	-	
<u>\$ 528,243</u>	<u>\$ 543,064</u>			<u>\$113,640</u>	<u>\$104,563</u>			<u>\$ 252</u>	<u>\$30,645</u>		

The notes to the financial statements are an integral part of this report.

State of Oregon

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1989
(Expressed in Thousands)**

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE	INTERNAL SERVICE	PENSION TRUST	NONEXPENDABLE TRUST	FISCAL YEAR ENDED JUNE 30 1989	1988
<u>Operating Revenues:</u>						
Sales Income	\$ 305,871	\$ 21,638	\$ -	\$ 14,104	\$ 341,613	\$ 336,654
Contributions	-	-	533,374	-	533,374	465,389
Taxes	10,861	-	-	-	10,861	10,542
Licenses & Fees	4,049	149	-	64	4,262	2,862
Federal Revenues	287	48	-	-	335	581
Charges for Services	418,599	133,338	-	111	552,048	469,724
Fines and Forfeitures	1,766	122	-	61	1,949	2,908
Rents and Royalties	1,941	10,420	-	1,551	13,912	14,896
Interest and Investment Income	515,091	-	1,154,576	18,696	1,688,363	981,019
Other Revenues	4,422	1,991	67	1,965	8,445	4,316
Gain (Loss) on Foreclosed Property (Net)	4,949	-	-	-	4,949	(4,649)
Gain (Loss) on Sale of Investments	2,557	-	-	-	2,557	1,361
Fees Waived	(73,702)	-	-	-	(73,702)	(41,262)
Total Operating Revenues	<u>1,196,691</u>	<u>167,706</u>	<u>1,688,017</u>	<u>36,552</u>	<u>3,088,966</u>	<u>2,244,341</u>
<u>Operating Expenses:</u>						
Salaries and Wages	186,656	50,767	3,388	3,420	244,231	224,833
Services and Supplies	107,601	106,966	26,425	2,489	243,481	190,867
Cost of Sales	76,321	16,760	-	-	93,081	87,042
Special Payments	374,691	2,914	-	661	378,266	441,491
Interest Expense	458,700	-	-	-	458,700	464,557
Benefit Payments	-	-	352,861	-	352,861	318,840
Distribution to Governments	18,715	-	-	14,419	33,134	17,960
Depreciation and Amortization	6,544	12,434	178	25	19,181	18,090
Bad Debt Expense	20,600	-	-	-	20,600	-
Total Operating Expenses	<u>1,249,828</u>	<u>189,841</u>	<u>382,852</u>	<u>21,014</u>	<u>1,843,535</u>	<u>1,763,680</u>
Operating Income (Loss)	<u>(53,137)</u>	<u>(22,135)</u>	<u>1,305,165</u>	<u>15,538</u>	<u>1,245,431</u>	<u>480,661</u>
<u>Nonoperating Revenues (Expenses):</u>						
Interest Income	106,961	4,081	-	-	111,042	-
Interest Expense	-	(818)	-	-	(818)	-
Gain (Loss) on Disposition of Equipment	(239)	(747)	(1)	697	(290)	(664)
Total Nonoperating Revenues (Expenses)	<u>106,722</u>	<u>2,516</u>	<u>(1)</u>	<u>697</u>	<u>109,934</u>	<u>(664)</u>
Income Before Operating Transfers-in(out)	53,585	(19,619)	1,305,164	16,235	1,355,365	479,997
Operating Transfers-in	116,493	1,075	15	8,508	126,091	124,000
Operating Transfers-out	(178,398)	(1,350)	-	(8,369)	(188,117)	(130,707)
Net Income (Loss) Before Extraordinary Items and Accounting Change	(8,320)	(19,894)	1,305,179	16,374	1,293,339	473,290
Extraordinary Gain (Loss)	(12,448)	-	-	-	(12,448)	68,840
Cumulative Effect of Accounting Change	-	-	-	-	-	55,479
Net Income (Loss)	<u>(20,768)</u>	<u>(19,894)</u>	<u>1,305,179</u>	<u>16,374</u>	<u>1,280,891</u>	<u>597,609</u>
Fund Equity - Beginning	329,408	100,953	9,018,688	162,346	9,611,395	9,218,353
Prior Period Adjustments	9,137	193	(4,325)	(123)	4,882	(220,448)
Fund Equity - Beginning - As Restated	338,545	101,146	9,014,363	162,223	9,616,277	8,997,905
Unrealized Gain on Investments	4,308	-	-	-	4,308	(9,918)
Residual Equity Transfers-in	575	4,006	34,202	-	38,783	386,082
Residual Equity Transfers-out	(126)	(10)	(26)	-	(162)	(360,285)
Fund Equity - Ending	<u>\$ 322,534</u>	<u>\$ 85,248</u>	<u>\$10,353,718</u>	<u>\$178,597</u>	<u>\$10,940,097</u>	<u>\$9,611,393</u>

The notes to the financial statements are an integral part of this report.

**COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1989
(Expressed in Thousands)**

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE	INTERNAL SERVICE	PENSION TRUST	NONEXPENDABLE TRUST	FISCAL YEAR ENDED JUNE 30 1989	1988
<u>Sources of Working Capital:</u>						
Operations:						
Net income (Loss) Before Extraordinary Items and Accounting Change	\$ (8,320)	\$(19,894)	\$1,305,179	\$16,374	\$1,293,339	\$473,290
Items Not Affecting Working Capital:						
Depreciation and Amortization	6,543	12,434	178	25	19,180	18,091
LT Compensated Absences	(1,103)	300	12	24	(767)	1,471
LT Claim Losses	-	39,737	-	-	39,737	9,187
Amortized Bond/COP Discounts/Costs/Premiums	1,653	(92)	-	-	1,561	3,743
Donated Equipment	(29)	-	-	-	(29)	-
Loans Forgiven/Bad Debt Expense	1,381	-	-	-	1,381	343
Accreted Interest	4,682	-	-	-	4,682	3,568
Working Capital Provided by Operations Before Extraordinary Items and Accounting Change	4,807	32,485	1,305,369	16,423	1,359,084	509,693
Extraordinary Items and Accounting Change:						
Extraordinary Gain (Loss)	(12,448)	-	-	-	(12,448)	-
Accounting Change	-	-	-	-	-	55,479
Prior Period Adjustments	8,564	193	(4,325)	(123)	4,309	(217,246)
Other Sources of Working Capital:						
Payables Reclassified to Long-Term	75,443	-	-	-	75,443	-
Contributed From Another Fund	-	-	-	-	-	423
Disposal of Property and Equipment	6,275	1,295	2	5	7,577	(138)
Sale of Bonds/COPs	43,700	8,635	-	-	52,335	82,756
Loan Proceeds	604	1,250	-	-	1,854	4,679
Loan Repayments	488,025	(618)	-	-	487,407	528,086
Residual Equity Transfers-in	-	4,006	34,202	-	38,208	24,978
Assets Reclassified to Current	134,808	-	-	-	134,808	-
Other Miscellaneous	(7,624)	-	(8)	19	(7,613)	(1)
Revaluation of Investments	4,309	-	-	-	4,309	17,365
Increase in Loss Reserves	34,921	-	-	-	34,921	87,655
Loss on Bond Call	809	-	-	-	809	-
Decrease in Bonds Classified As Current Liabilities	9,105	-	-	-	9,105	5,675
Total Sources of Working Capital	791,298	47,246	1,335,240	16,324	2,190,108	1,099,404
<u>Uses of Working Capital:</u>						
Assets Reclassified from Current	482	-	-	-	482	-
Long-Term Liabilities Reclassified to Current	7,208	-	-	-	7,208	-
Bonds/COPs Reclassified as Current Liabilities	-	1,637	-	-	1,637	(8,516)
Retirement of Bonds	273,559	1,681	-	-	275,240	288,078
Loans Made	303,557	-	-	-	303,557	297,500
Construction of Buildings	1,598	51	-	2,632	4,281	2,484
Acquisition of Property and Equipment	12,244	12,538	107	878	25,767	14,221
Payment of Other Long-Term Liabilities	978	11,256	-	1	12,235	5,806
Residual Equity Transfers-out	61	10	26	-	97	-
Other	-	258	-	-	258	-
Premium and Discounts on Bonds	-	-	-	-	-	589
Deferred Charges	1,157	-	-	-	1,157	-
Total Uses of Working Capital	600,844	27,431	133	3,511	631,919	600,162
Net Increase (Decrease) in Working Capital	\$190,454	\$19,815	\$1,335,107	\$12,813	\$1,558,189	\$499,242
<u>Elements of Net Increase (Decrease) in Working Capital:</u>						
Cash and Investments	\$96,603	\$26,962	\$1,298,408	\$12,458	\$1,434,431	\$137,287
Securities Held in Trust	-	-	-	(1)	(1)	-
Receivables	66,793	93,593	12,913	1,389	174,688	470,817
Inventories	(16,611)	411	(29)	8	(16,221)	(17,789)
Prepaid Expenses	(132)	(1,190)	-	-	(1,322)	899
Payables	43,630	(102,815)	23,815	(1,051)	(36,421)	(89,518)
Deferred Income	171	2,854	-	10	3,035	(2,454)
Net Increase (Decrease) in Working Capital	\$190,454	\$19,815	\$1,335,107	\$12,813	\$1,558,189	\$499,242

The notes to the financial statements are an integral part of this report.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL COLLEGE AND UNIVERSITY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1989
(Expressed in Thousands)**

	<u>CURRENT FUNDS</u>		<u>LOAN FUND</u>	<u>ENDOWMENT FUNDS</u>
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>		
ADDITIONS:				
Revenue	\$315,540	\$ 39,510	\$ -	\$ -
Gifts, Grants & Contracts	-	171,398	-	1,239
Student Building Fees & Other Resources	-	-	-	-
Sale of Building Bonds	-	-	-	-
Contributions to Loan Principal	-	-	1,318	-
Property, Plant & Equipment	-	-	-	-
Interest, Investments & Other Revenue	-	2,403	2,036	10,421
Auxiliary Enterprises:				
Residence & Dining Halls	27,179	-	-	-
Cafeterias & Snack Bars	5,106	-	-	-
Student Center	6,884	-	-	-
Bookstore	5,838	-	-	-
Other Housing & Rental Operations	3,371	-	-	-
Parking	4,926	-	-	-
Other Student Auxiliary Enterprises	19,871	-	-	-
Faculty & Staff Auxiliaries	1,197	-	-	-
Intercollegiate Athletics	16,335	-	-	-
Total Additions	406,247	213,311	3,354	11,660
DEDUCTIONS:				
Expenditures	601,958	192,273	-	6
Indirect Costs	-	25,102	-	-
Retirement of Bonds	-	-	-	-
Bond Interest	-	-	-	-
Change in Notes & Bonds Payable	-	-	-	-
Trustee & Agent Fees & Other Deductions	-	-	-	-
Refunds to Grantors	-	708	-	-
Administrative Fees	-	-	235	-
Notes Issued, Charged Off & Cancelled	-	-	910	-
Auxiliary Enterprises:				
Residence & Dining Halls	23,272	-	-	-
Cafeterias & Snack Bars	5,075	-	-	-
Student Center	8,487	-	-	-
Bookstore	5,358	-	-	-
Other Housing & Rental Operations	2,060	-	-	-
Parking	2,579	-	-	-
Other Student Auxiliary Enterprises	14,717	-	-	-
Faculty & Staff Auxiliaries	998	-	-	-
Intercollegiate Athletics	20,058	-	-	-
Total Deductions	684,562	218,083	1,145	6
Transfers:				
Transfers Among Higher Education Funds:				
Nonmandatory Transfers-in	-	-	-	784
Nonmandatory Transfers-out	(10,509)	(1,062)	(22)	-
Operating Transfers-in	291,310	9,148	51	-
Operating Transfers-out	-	(40)	-	-
Total Transfers-in(out)	280,801	8,046	29	784
Net Increase (Decrease) For The Year	2,486	3,274	2,238	12,438
Fund Balances - Beginning	26,580	17,953	74,222	33,097
Prior Period Adjustments	41,355	(547)	-	58
Fund Balances - Beginning - As Restated	67,935	17,406	74,222	33,155
Fund Balances - Ending	\$ 70,421	\$ 20,680	\$76,460	\$45,593

PLANT FUNDS				TOTALS (MEMORANDUM ONLY)	
UNEXPENDED	RENEWAL AND REPLACEMENT	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	FISCAL YEAR ENDED JUNE 30 1989	1988
\$ -	\$ -	\$12,819	\$ -	\$ 367,869	\$ 277,106
21,535	-	-	-	194,172	225,243
27,324	4,404	-	-	31,728	17,973
26,370	-	-	-	26,370	38,788
-	-	-	-	1,318	1,783
-	-	-	63,049	63,049	98,905
-	-	910	-	15,770	5,130
-	-	-	-	27,179	25,024
-	-	-	-	5,106	5,133
-	-	-	-	6,884	7,216
-	-	-	-	5,838	5,029
-	-	-	-	3,371	2,935
-	-	-	-	4,926	4,080
-	-	-	-	19,871	16,427
-	-	-	-	1,197	129
-	-	-	-	16,335	15,868
<u>75,229</u>	<u>4,404</u>	<u>13,729</u>	<u>63,049</u>	<u>790,983</u>	<u>746,769</u>
68,574	6,487	-	-	869,298	778,632
-	-	-	-	25,102	23,076
-	-	11,338	-	11,338	9,194
-	-	11,241	-	11,241	9,085
-	-	-	42,616	42,616	32,475
-	-	-	-	-	35
-	-	-	-	708	193
-	-	-	-	235	488
-	-	-	-	910	527
-	-	-	-	23,272	21,586
-	-	-	-	5,075	5,027
-	-	-	-	8,487	7,826
-	-	-	-	5,358	4,789
-	-	-	-	2,060	1,898
-	-	-	-	2,579	2,364
-	-	-	-	14,717	13,766
-	-	-	-	998	135
-	-	-	-	20,058	17,480
<u>68,574</u>	<u>6,487</u>	<u>22,579</u>	<u>42,616</u>	<u>1,044,052</u>	<u>928,577</u>
2,979	3,457	8,004	-	15,224	10,856
-	(20)	(3,611)	-	(15,224)	(10,856)
10,814	-	5,321	-	316,644	297,765
-	-	-	-	(40)	(2)
<u>13,793</u>	<u>3,437</u>	<u>9,714</u>	<u>-</u>	<u>316,604</u>	<u>297,763</u>
<u>20,448</u>	<u>1,354</u>	<u>864</u>	<u>20,433</u>	<u>63,535</u>	<u>115,955</u>
57,725	-	40,773	802,684	1,053,034	937,079
(17,245)	19,242	(1,012)	-	41,851	-
<u>40,480</u>	<u>19,242</u>	<u>39,761</u>	<u>802,684</u>	<u>1,094,885</u>	<u>937,079</u>
<u>\$60,928</u>	<u>\$20,596</u>	<u>\$40,625</u>	<u>\$823,117</u>	<u>\$1,158,420</u>	<u>\$1,053,034</u>

The notes to the financial statements are an integral part of this report.

**COMBINED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES,
AND OTHER CHANGES - COLLEGE AND UNIVERSITY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1989
(Expressed in Thousands)**

	<u>CURRENT FUNDS</u>		<u>TOTALS (MEMORANDUM ONLY)</u>	
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>FISCAL YEAR ENDED JUNE 30</u> <u>1989</u>	<u>1988</u>
REVENUES:				
Student Tuition and Fees	\$115,998	\$ -	\$115,998	\$106,130
Gifts, Grants and Contracts	20,602	171,398	192,000	162,986
Separately Funded Research Center	2,548	-	2,548	4,242
Sales and Services of Educational Departments	19,213	-	19,213	18,411
Student Aid	-	39,510	39,510	35,831
Sales and Services of Hospitals	137,782	-	137,782	115,652
Residence and Dining Halls	27,179	-	27,179	25,024
Cafeterias and Snack Bars	5,106	-	5,106	5,133
Student Center	6,884	-	6,884	7,216
Bookstore	5,838	-	5,838	5,029
Other Housing and Rental Operations	3,371	-	3,371	2,935
Parking	4,926	-	4,926	4,080
Other Student Auxiliary Enterprises	19,871	-	19,871	16,427
Faculty & Staff Auxiliaries	1,197	-	1,197	129
Intercollegiate Athletics	16,335	-	16,335	15,868
Other Revenue	19,397	2,403	21,800	36,583
Total Revenues	<u>406,247</u>	<u>213,311</u>	<u>619,558</u>	<u>561,676</u>
EXPENDITURES:				
Instruction	216,028	20,054	236,082	220,192
Public Service	29,468	28,986	58,454	55,732
Research	31,125	90,949	122,074	111,941
Academic Support	52,721	4,156	56,877	52,680
Student Services	19,497	2,436	21,933	21,198
Operation and Maintenance of Physical Plant	34,640	197	34,837	33,890
Capital Improvements	6,350	-	6,350	7,863
Institutional Support	52,725	1,742	54,467	47,857
Student Aid	35	39,510	39,545	35,853
Service Departments	1,333	-	1,333	951
Hospitals and Clinics	155,575	2,865	158,440	139,922
Residence and Dining Halls	23,272	-	23,272	21,586
Cafeterias and Snack Bars	5,075	-	5,075	5,027
Student Center	8,487	-	8,487	7,826
Bookstore	5,358	-	5,358	4,789
Other Housing and Rental Operations	2,060	-	2,060	1,898
Parking	2,579	-	2,579	2,364
Other Student Auxiliary Enterprises	14,717	-	14,717	13,766
Faculty and Staff Auxiliaries	998	-	998	135
Intercollegiate Athletics	20,058	-	20,058	17,480
Other Expenditures	2,461	27,188	29,649	37,815
Total Expenditures	<u>684,562</u>	<u>218,083</u>	<u>902,645</u>	<u>840,765</u>
Transfers:				
Transfers Among Higher Education Funds:				
Nonmandatory Transfers-in	-	-	-	-
Nonmandatory Transfers-out	(10,509)	(1,062)	(11,571)	-
Operating Transfers-in	291,310	9,148	300,458	266,945
Operating Transfers-out	-	(40)	(40)	-
Total Transfers Among Funds	<u>280,801</u>	<u>8,046</u>	<u>288,847</u>	<u>266,945</u>
Net Increase (Decrease) in Fund Balances	<u>\$ 2,486</u>	<u>\$ 3,274</u>	<u>\$ 5,760</u>	<u>\$(12,144)</u>

The notes to the financial statements are an integral part of this report.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 1989

A. Summary of Significant Accounting Policies

1. Reporting Entity

The reporting entity of the State of Oregon includes all state agencies, universities, commissions, and boards for which the elected state officials have oversight responsibility. Oversight responsibility implies that the state officials have final decision-making authority, designate who will manage day-to-day operations of the governmental activity or program, and significantly influence the operations. The governmental unit is dependent upon the elected state officials for fiscal decisions relative to adoption of budgets and funding of deficits.

All functions, programs, and activities that are controlled by or dependent upon the legislative or executive branch of the State of Oregon are included in this report. This includes the State Court system and the Retirement system. This does not include the Oregon State Bar. ORS 9.010 exempts the State Bar from certain financial administration laws. Therefore, the financial information pertaining to the State Bar is not included in this report.

SAIF Corporation, a public corporation is included in this reporting entity in the Enterprise Fund. SAIF's wholly-owned subsidiaries, SAIF Corporation of Oregon and Logger's Assurance Company Inc., were dissolved. All outstanding balances were merged into SAIF and material intercompany transactions eliminated.

The financial statements of several State component units exclude certain related foundations; accordingly, they are excluded from these financial statements.

Commodity commissions were originally established for the purpose of expanding the markets for specific commodities. The Department of Agriculture, a state agency, has general supervisory authority over the commodity commissions. However, Oregon Revised Statutes 576.311 exempts the commodity commissions from certain financial administration laws. Therefore, the financial information pertaining to agricultural commodity commissions is not included in this report.

The Economic Development Department, a state agency, has issued industrial development revenue bonds. Since industrial development revenue bonds are considered no-commitment long-term debt, the financial transactions relative to the bond activity are not included in this report.

The Public Employee Retirement System and Oregon State Fair and Exposition Center, component units of the State of Oregon, utilize a calendar year for accounting and reporting purposes. They are presented on a fiscal year basis in this report.

2. Basis of Presentation-Fund Accounting

The accompanying financial statements are prepared in conformity with generally accepted accounting principles (GAAP) applicable to state governments. The principal authority for accounting and reporting requirements in Oregon is the Executive Department through its Administrative Rules and the State Accounting Manual. The Department interprets the guidelines for financial reporting presented by the Governmental Accounting Standards Board (GASB), National Council on Governmental Accounting (NCGA) Statements and the AICPA's industry audit guide, "Audits of State and Local Governmental Units-Revised" (ASLGU). Pronouncements of the Financial Accounting Standards Board (FASB) are also considered when applicable.

The financial transactions for the College and University Funds have been prepared in conformity with generally accepted accounting principles as prescribed by the National Association of College and University Business Officers (NACUBO) and are presented in a separate column of the financial statements as a discrete activity.

State government is operated based on fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts recording assets, liabilities, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or restrictions. Following are the funds presented in the financial statements.

Governmental Fund Types

- (a) The **General Fund** accounts for ordinary operations financed by legislatively approved appropriations from general revenues and used for general governmental purposes. General Fund appropriations for debt service, capital construction projects, and colleges and universities are reported in the Debt Service Funds, the Capital Project Funds, and College and University Funds, respectively.
- (b) **Special Revenue Funds** account for the proceeds of specific revenue sources or finance specified activities as required by law or administrative regulations. Special Revenue Funds are established to account for taxes, licenses, and other revenue allocated by law to specific general governmental purposes. These revenues are collected by an agency and either transferred to another agency to be expended for a specific purpose, or the revenues are expended by the collecting agency.
- (c) **Debt Service Funds** account for the accumulation of resources for, and the payment of interest and principal on general governmental obligations that are included in the General Long-Term Debt Account Group. They include debt service provided by General Fund appropriations.
- (d) **Capital Project Funds** account for financial resources segregated for the construction or acquisition of major capital facilities other than those financed by proprietary type funds and College and University Funds.

A Capital Projects Fund is established upon project or debt issue authorization by the Legislature. All expenditures necessary to bring the facility to a state of readiness for its intended purpose are reported as Capital Project Fund costs.

The Fund is accounted for separately to meet budgetary requirements even though a proprietary type fund may own the assets. At June 30, the activity is capitalized in the General Fixed Assets Account Group or the appropriate proprietary type fund. Partially completed projects are included in the Construction in Process account. Upon completion of a project, the buildings, or other structures are recorded at cost.

Proprietary Fund Types

- (e) **Enterprise Funds** account for the provision of goods and services to the general public where all or most of the costs involved are primarily paid in the form of charges to the users of such services. Among the many types of self-supporting activities financed through Enterprise Funds are insurance operations, fair operations, and liquor retailing operations. Issuance of revenue bonds to finance the activity is also indicative of the self-supporting nature of an activity accounted for through Enterprise Funds.

- (f) **Internal Service Funds** account for the financing of goods and services provided by an agency on a cost-reimbursement basis to any other governmental unit, whether state, federal, or local. Activities handled through Internal Service Funds vary widely both as to type and complexity of operation. Among the types are those used to acquire and distribute items of inventory such as office supplies or gasoline; operation of motor pools, and duplicating and printing facilities. Other examples are purchasing, accounting, auditing, legal, and data processing services.

Fiduciary Fund Types

- (g) A **Trust Fund** is established to account for assets received and held by an agency acting in the capacity of trustee or custodian. An **Agency Fund** is established to account for assets received by an agency in its capacity as an agent for individuals and other governmental units.

There are three types of Trust Funds: Expendable Trusts, Nonexpendable Trusts, and Pension Trusts.

College and University Funds

- (h) The College and University Funds are established to account for:
- (1) **Current Funds** - used to account for unrestricted funds such as State General Fund appropriations, tuition and fees, and auxiliary enterprise revenues, and to account for restricted funds for current operating purposes from external donors and federal agencies.
 - (2) **Loan Funds** - used to account for resources available for student loans.
 - (3) **Endowment Funds** - used to account for long-term gifts designated for certain purposes from outside donors or funds internally designated by an institution for similar uses.
 - (4) **Plant Funds** - used to account for unexpended plant funds, plant renewal and replacement funds, retirement of indebtedness funds, and investment in plant funds.
 - (5) **Agency Funds** - used to account for funds held in a fiduciary capacity for others.

Account Groups

- (i) The **General Fixed Asset Account Group** is used to account for fixed assets acquired through governmental fund types. Fixed assets acquired through Enterprise, Internal Service Funds, certain Trust Funds, and College and University Funds are not general fixed assets, but are reported in the accounts of the acquiring fund.
- (j) The **General Long-Term Debt Account Group** includes all general obligation bonds and general long-term liabilities relating to governmental type funds. These long-term liabilities include capital leases, contracts and notes, and compensated absences.

General obligation bonds are secured by the full faith and credit of the State and are not deemed to be the obligation of any specific fund.

3. Basis of Accounting

- (a) **Basis of accounting** refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The measurement focus, on the other hand, identifies what transactions and events should be recorded.

- (b) All proprietary-type funds are accounted for using the accrual basis of accounting and the flow of economic resources measurement focus. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Increases and decreases in the market value of equity investments reported in the Pension Trust Fund are reflected as interest income in accordance with Statements on Financial Accounting Standards (SFAS) 35. Market value increases and decreases on equity investments of the State Accident Insurance Fund (Enterprise Fund) are reflected as "Unrealized Gains on Investments" in accordance with SFAS 60.

- (c) All governmental-type funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. Their revenues are recognized when they become measurable and available. "Available" indicates collectible within the current period or soon enough thereafter to pay liabilities of the current period, generally within 90 days.

Primary revenue sources susceptible to accrual are income taxes, excise taxes, and federal revenues. Taxpayer assessed taxes are considered "measurable" when the revenue is in the hands of intermediary collecting agents. Federal grant revenue is not recognized until the expenditure is recognized.

Expenditures are recognized under the modified accrual basis of accounting when the related liability is incurred. An exception to this general rule of expenditure recognition is: Principal and interest on general long-term liabilities are recognized when due.

Long-term receivables, net of uncollectibles, are included in the governmental-type funds. Loans and advances are reserved; other long-term receivables are deferred to future periods on the balance sheet.

Fixed assets of governmental-type funds are included in the General Fixed Assets Account Group. Long-term liabilities of governmental-type funds other than advances due to other funds are reported in the General Long-Term Debt Account Group.

- (d) The modified accrual basis of accounting has been utilized for expendable trust funds and agency funds. The pension trust funds and nonexpendable trust funds use the accrual basis of accounting.

The college and university funds are accounted for on an accrual basis of accounting with the following exceptions:

- (1) Depreciation expense is not recorded.
- (2) Revenues and expenditures of an academic term encompassing more than one fiscal year are reported in the fiscal year in which the program is predominantly conducted.
- (3) Interest expense is recorded when the payment is made.

4. Budgetary Accounting

Agency budgets are approved by the Legislature biennially. Any increases in the budgets that may be necessary are approved by the Emergency Board of the Legislature during the interim. Legislatively approved appropriations are financed from general governmental revenues of the General Fund. Legislatively approved limitations are financed from general governmental revenues or revenues of self-supporting activities of Oregon. Appropriations and limitations, except for Capital Construction, lapse at the end of the biennium.

During the biennium, the Executive Department approves spending limits for each quarter. Each agency's actual expenditures are monitored daily against approved budgets, quarterly allotments, and cash balances.

Appropriated budgets include expenditure authority created by appropriation bills and related estimated revenues. All funds are subject to legislative approval. Nonappropriated budgets and some nonlimited financial activities are also subject to allotment control by the Executive Department.

Encumbrance accounting is allowed during the biennium, however encumbrances are not allowed at the end of a biennium. Services or supplies must be received prior to June 30 to be charged to the current budget. Any encumbrances outstanding at the end of the biennium except for those related to capital construction, capital improvements, and contested claims must be charged to the following period budget. The outstanding encumbrances are discussed in Note R.1.

There are differences between budgetary and GAAP accounting. A reconciliation is included on the "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP) and Actual". It reconciles the budgetary basis of accounting to the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types" which present generally accepted accounting principles. The budget data presented includes amendments made as provided by law.

Subsequent to June 30, 1989 the Legislature increased the budgetary authority for Judicial in the General Fund and Highway in the Special Revenue Fund to eliminate the unfavorable balances shown.

The favorable balance of \$67,753,000 relating to transfers-out in the General Fund results from amounts appropriated for construction projects in College and University- and Capital Projects Funds that were unexpended as of June 30, 1989 and an adjustment for transfers that were not reported in the prior period.

5. Cash and Investments

Cash includes all cash deposited in the State Treasury and Cash in depositories other than the State Treasury. Other types of cash included are coin, currency, checks, warrants, and other cash equivalents in the hands of an official or a designated agent such as change funds and receipts held prior to deposits.

Money deposited by agencies in the State Treasury is invested as authorized by state statutes. Debt securities, certificates of deposit, and real estate held for the production of income are generally valued at cost.

Equity investments of the Public Employee Retirement System and SAIF Corporation are currently carried at market value in accordance with Statements of Financial Accounting Standards No. 35 and 60, respectively. Future authoritative pronouncements may alter this presentation. Debt investments are stated at cost or amortized cost and are accounted for under the completed transaction method. It is generally the intention of the State to hold the debt security investments until maturity. Market values are stated, if available. (Note B)

6. Receivables

Receivables are shown net of uncollectible accounts. Receivables included are amounts due representing revenues earned or accrued in the current period. Types of receivables included in this classification relate to taxes, interest, amounts due from the federal government or other governments, and amounts due resulting from the sale of goods or services. Those receivables representing the noncurrent portion are offset by a reserve account which are not considered revenue until collected.

7. Short-Term Interfund Receivables/Payables

During the course of operations, many transactions occur between individual funds for various reasons. These receivables and payables are classified as "Interfund Receivables" and "Interfund Payables" on the balance sheet.

8. Advances to Other Funds

Noncurrent portions of long-term interfund receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources. The transaction is recognized by the other fund in the balance sheet account "Advance from Other Funds".

9. Inventories

Inventories are primarily stated at cost utilizing the FIFO (first-in, first-out) costing method. Physical inventories are required to be taken annually. In proprietary-type funds, the expense occurs when the inventory is used. In governmental-type funds, the expenditure occurs when the inventory is purchased and there is a reservation of the fund equity.

In the proprietary funds, inventories are usually defined as the cost of goods or property held for resale. In all other funds, inventories are considered the value of supplies on hand for use in the fund's operations.

10. Prepaid Expenses and Deferred Charges

Payments made to vendors for services that will benefit periods beyond June 30, 1989, are recorded as prepaid items. Nonrecurring costs and certain costs of debt issuance that are not chargeable to the current period that will be expensed or amortized to future periods are recorded as deferred charges.

11. Foreclosed and Deeded Properties

Properties acquired through foreclosure proceedings or by acceptance of deeds in lieu of foreclosure are recorded at the lower of cost or fair market value.

12. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

13. Receivership Assets

These are the net assets of insurance companies which have been placed into receivership under the control of the Director of the Department of Finance in accordance with Oregon Revised Statutes.

14. Fixed Assets

Fixed assets utilized in proprietary fund activities are reported in the appropriate proprietary fund because the fixed assets are used in the production of the goods or services provided and sold. Depreciation or amortization of these fixed assets is recorded to determine total expenses, net income, and whether the fund's capital has been impaired.

Fixed assets utilized in College and University Funds are reported in the fixed asset accounts of the fund. Depreciation is not taken on these fixed assets except for University Hospital.

Fixed assets utilized in Trust Funds are reported in the Trust Funds. Fixed assets other than those accounted for in the proprietary funds, College and University Funds, and Trust Funds are general fixed assets. General fixed assets belong to the state government as an instrumentality, and are not reported in the governmental funds. They may be acquired by gift or by expenditure from several sources and funds. General fixed assets are not depreciated and are reported in the General Fixed Assets Account Group.

Fixed assets are reported at historical cost or estimated historical cost if the original cost is not determinable. Donated fixed assets are reported at their estimated fair market value at the time received. Land costs include 646,638 acres of forest and other lands valued at one dollar per acre. Leased property is reported at the net amortized value.

Roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are normally immovable and of value only to the governmental unit. These "infrastructure" asset values, of the statewide highway system are excluded from this report.

Capital leases, where title to the property passes to the State, are included in the appropriate fixed asset class. The property is depreciated, if appropriate. In the cases where the capital lease title will not pass to the State, the Capital Leased Property account is used. The property is amortized, if appropriate.

The construction in process account represents the total expended to date on a capital project. If a governmental fund type will own the asset, the account is included in the General Fixed Assets Account Group. If another fund type will own the asset, the account is included in the fixed assets of the fund type.

Fixed assets costing less than \$100 are expensed unless an agency has elected to include them in their property records for control purposes.

15. Depreciation and Amortization

The recording of depreciation or amortization of fixed assets of proprietary funds is included in those funds in this report.

Any generally accepted method of computing depreciation that an agency is recommended to use to meet requirements of the federal government or other organization for rate determination or cost recovery purposes is acceptable; otherwise, one of the two following methods is required:

- (a) Straight-line Depreciation provides for the distribution of the cost evenly over the life of the fixed asset. Useful lives for buildings and related assets range from 20 to 50 years while useful lives of equipment and machinery range from 3 to 10 years.
- (b) Working Hour Method which provides for the distribution of costs over the estimated useful hours or days of a piece of equipment.

Amortization is a systematic reduction of the intangible property value over the life of the property or period of the lease, whichever is shorter. Intangible assets include leasehold improvements, software, and capital leases where the lease does not provide for a change in ownership.

Interest incurred in capital construction projects is capitalized as a part of the cost of construction. The entire cost of the project, including interest, is capitalized at completion. Proprietary type funds depreciate such assets over the useful life while governmental type funds and college/university funds do not depreciate the asset.

Generally accepted accounting for college and university funds does not require depreciation or amortization of fixed assets. Depreciation is not recorded except at University Hospital.

16. Vacation Payable

Vested or accumulated vacation leave that is expected to be paid with expendable available financial resources, generally within 90 days, is reported as an expenditure and a fund liability of the fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with current resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to the employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

17. Deferred Income

Deferred income represents amounts for which asset recognition criteria has been met but for which revenue recognition criteria has not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available. Long-term receivables of governmental fund types that are not loans or advances are deferred to future periods.

18. Elements of Fund Equity

A portion of the fund equity has been reserved to indicate it cannot be used for expenditure of current resources in governmental fund types. Reserve accounts used for this segregation are Reserve for Inventories, Reserve for Receivables, Designated for Contingencies, Reserve for Advances to Other Funds, Reserve for Revolving Accounts, Reserve for Encumbrances, and Other Reserves. No portion of the unreserved fund equity has been designated.

Contributed Capital represents assets contributed to a proprietary fund. These are in the form of donated or transferred equipment and capital assessments which are reported as residual equity transfers on the operating statement. Residual equity transfers between funds do not balance since capital assessments are reported as residual equity transfers in the Internal Service Fund and as expenditures in other fund types.

Unrealized Gain on Investments represents the excess of market value over cost on investments held by SAIF in accordance with insurance industry standards.

College and University fund equity has been classified as restricted and unrestricted. A detail listing of college and university fund equity follows as of June 30, 1989:

(Expressed in Thousands)

Net Investment in Plant	<u>\$823,117</u>
Restricted:	
Endowment Reserves	17,362
Endowments	10,789
Term Endowments	30
Quasi-Endowments	13,421
Governmental Loan Funds	70,896
Institutional Loan Funds	5,564
Gifts, Grants and Contracts	<u>26,256</u>
Fund Balance - Restricted	<u>144,318</u>
Unrestricted:	
Designated Accounts	182,946
Quasi-Endowments	3,212
Endowment Reserves	779
Undesignated	<u>4,048</u>
Fund Balance - Unrestricted	<u>190,985</u>
Total Fund Equity	<u>\$1,158,420</u>

19. Bond Discounts

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for proprietary fund types are generally deferred and amortized over the term of the bonds using the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

20. Interfund Transactions

Quasi-external transactions are accounted for as revenue or expense. Transactions that are reimbursements to a fund for expenses initially made from it that are properly applicable to another fund, are recorded as expenses in the reimbursing fund and as reductions of expense in the fund that is reimbursed.

All other interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

21. Prior Period Adjustments

- (a) A reduction of expenditures for Distribution to Individuals results in an adjustment of \$2,692,000 which is included in the Special Revenue Fund.
- (b) A transfer-out not recorded in the prior year results in a prior period adjustment of \$6,795,000 which is included in the Enterprise Fund.
- (c) Transfers-out of \$16,189,000 not recorded in the prior year and incorrectly stated expenditures of \$6,263,000 results in prior period adjustments in the General Fund.
- (d) Prior period revenues were recorded in the current period resulting in a prior period adjustment of \$4,427,000 which is included in the Enterprise Fund.
- (e) Transfers-in of \$16,189,000 not recorded in the prior year and a cash understatement of \$25,662,000 results in a prior period adjustment in the College and University Fund.

22. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "memo only" to indicate that they are presented only for use in financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation of funds since interfund eliminations have not been reflected in these columns.

B. Cash and Investments

The State maintains a cash and investment pool that is available for use by all funds. The pool has deposits and other investments. Each fund's portion of this pool is summarized by fund type in the Combined Balance Sheet as Cash and Investments. Short and long-term investments are held by several of the State's funds. All investments are stated at amortized cost except certain real estate and the equity funds of the Public Employees Retirement Fund (PERF) and the equity funds of the State Accident Insurance Fund (SAIF) which are stated at market value. The PERF is included in Fiduciary Funds; SAIF is part of Enterprise Funds.

The State Treasurer is the investment officer for the funds on deposit in the State Treasury. The State's investment policies are governed by State Statutes and the Oregon Investment Council. The State Treasurer may invest in any instrument which persons of prudence, discretion, and intelligence would invest in for their own account (the prudent man rule). State moneys may be deposited in any

trust company, savings and loan association or bank or mutual savings bank or branch office in that capacity within the State. The State is authorized to use demand deposits and certificates of deposit. Common stock acquisitions, however, can only be made by PERF and SAIF and are limited to 50% of the funds in the PERF and SAIF funds. Common stock transactions must be handled by outside money managers who are under contract to the Investment Council.

Some investments are made directly by a state agency rather than by the investment officer. Only a few agencies are authorized to make such investments and then only for certain specific programs.

The State Treasurer maintains an investment pool for local governments. Moneys deposited are commingled with State Funds' cash determined to be in excess of immediate needs and invested in short-term, high liquidity investments. The local governments investments are included in this report.

At June 30, 1989, the Housing Agency did not comply with the 150% debt service limitation required by the "Certificate of Arbitrage" for the Single Family Mortgage Program-Housing Finance Revenue Bonds. This limitation is applied against investments whose yield exceeds the allowable yield specified in the Certificate. The purchase price for these investments cannot exceed 150% of the debt service payable for the next fiscal year. The Agency exceeded the 150% limitation by the following amounts by bond series:

Bond Series	Amount
1985A	\$ 801,511
1985B	1,212,411
1985C	<u>2,455,952</u>
Total	<u>\$4,469,874</u>

The Housing Agency sold a portion of these investments on January 24, 1990, and purchased investments whose yield is below the allowable yield. As a result, the Agency is now in compliance with the 150% debt service limitation.

1. **Deposits.** At June 30, 1989, the state had a book balance of \$749,580,000 and a bank balance of \$981,237,000 on deposit with financial institutions. Of this amount, \$660,612,000 of unemployment compensation trust funds were held in the Federal Reserve Bank of the United States Treasury, \$126,464,000 was fully insured by federal depository insurance or insured by the statewide collateral pool which insures public deposits pursuant to ORS 295, and \$119,410,000 was uninsured and uncollateralized. The collateral pool insures deposits for 25% of the certificate of participation issued by the collateral pool managers. Accordingly, 25% of the amounts in the statewide collateral pool are classified as collateralized and 75% as uncollateralized. There is \$61,162,000 on deposit at Chase Manhattan Bank in London for the accounts of the International Fund investment managers. These deposits, which are both in foreign currencies and U.S. dollars, are backed by the faith and credit of Chase Manhattan Bank. Although most of the deposits are in interest bearing accounts, they are neither collateralized or insured. The size of the deposits varied throughout the year, depending on the cash requirements of the International Fund investment managers conducting equity trades in the international marketplace. There was \$13,589,000 on deposit with Oregon's Fiscal Agents. The fiscal agent assumes responsibility for these funds.

2. **Investments.** The state's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the state or its agent in the state's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the state's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the state's name.

STATE OF OREGON
INVESTMENTS AS OF JUNE 30, 1989

(Expressed in Thousands)

	Risk Category			Carrying Amount	Market Value
	1	2	3		
Gov't Securities	\$3,325,100	\$ -	\$ -	\$3,325,100	\$3,348,505
Common Stock	5,421,667			5,421,667	5,307,316
International Bonds	228,409			228,409	225,888
Municipal Bonds	73,795			73,795	74,003
Bankers Acceptances	98,785			98,785	98,785
Collateralized Mort. Ob.	191,228			191,228	193,109
Real Estate Mortgages	40,221			40,221	40,221
Commercial Paper	1,082,335			1,082,335	1,082,335
Corporate Bonds	2,136,062			2,136,062	2,163,955
Repurchase Agreements	116,834			116,834	116,834
International Equities	883,452			883,452	883,452
Other	<u>10,696</u>	<u>1,086</u>	<u>-</u>	<u>11,782</u>	<u>11,147</u>
	<u>\$13,608,584</u>	<u>\$1,086</u>	<u>\$ -</u>	<u>\$13,609,670</u>	<u>\$13,545,550</u>
Unclassified:					
Real Estate				462,483	461,883
Leveraged Buy Out				545,576	545,792
Venture Capital				68,205	68,205
Other Limited Partnerships (Common Stock)				65,179	179,717
Real Estate Mortgages				585,718	585,052
Other (Agency and Business Loans)				<u>7,732</u>	<u>7,732</u>
Total Investments				<u>\$15,344,563</u>	<u>\$15,393,931</u>

3. **Repurchase Agreements.** Repurchase agreements are a purchase of securities with a simultaneous agreement to resell those same securities in the future at the same price plus a contract rate of interest. At June 30, 1989, the Special Revenue Fund held \$5,391,433 and the Enterprise Fund held \$111,442,389 in repurchase agreements. In addition, these investments are made throughout the year for short periods of time.

4. **Reverse Repurchase Agreements.** Reverse repurchase agreements are a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The market value of the securities underlying reverse repurchase agreements normally exceeds the cash received to provide the dealers with a margin against a decline in market value of the securities. If the dealers default on their obligations to resell these securities to the state or provide securities or cash of equal value, the state would suffer an economic loss equal to the difference between the market value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. At June 30, 1989, there were no holdings of reverse repurchase agreements, but occasionally throughout the year these investments can be made for short periods of time.

5. **Securities Lending Agreements.** The state participates in securities lending agreements whereby securities are loaned to broker/dealers for a fee. The borrowing broker/dealers pledge and maintain collateral. An economic loss could occur if there was a default or if the obligation value exceeded the collateralized value. At June 30, 1989, the market value for the securities loans was \$1,071,543,683 and the related collateral was \$1,100,929,657. These amounts are presented on the financial statements.

C. Restricted Assets

Cash and investments of \$170,469,000 are restricted by various bond indentures for revenue bonds and \$630,685,000 are restricted by various bond indentures for general obligation bonds of Enterprise Funds. \$6,008,000 is restricted for prize distributions related to the Lottery Commission. There is \$32,052,000 of general obligation bonds classed as Cash and Investments and not classed as restricted assets in the Enterprise Fund related to Housing Agency bonds. Also, the Enterprise Funds' Retained Earnings is restricted for \$46,207,000 which represents the net of restricted assets over related liabilities.

D. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	June 30, 1988	(Expressed in Thousands)		June 30, 1989
		Increases	Decreases	
Land	\$136,806	\$ 9,635	\$47,712	\$ 98,729
Buildings	172,154	14,769	2,924	183,999
Improvements	52,500	60,977	1,248	112,229
Leasehold Improvements	1,846	723	455	2,114
Capital Leased Property	22	615	24	613
Construction in Process	15,944	15,994	11,296	20,642
Equipment and Machinery	260,182	47,404	14,741	292,845
Data Processing Software	<u>3,040</u>	<u>1,888</u>	<u>106</u>	<u>4,822</u>
Total	<u>\$642,494</u>	<u>\$152,005</u>	<u>\$78,506</u>	<u>\$715,993</u>

E. Summary of Proprietary Fund Fixed Assets

A summary of proprietary fund fixed assets at June 30, 1989, follows:

	(Expressed in Thousands)	
	Enterprise	Internal Service
Land	\$ 2,010	\$ 337
Buildings	74,542	72,007
Improvements	5,885	6,021
Leasehold Improvements (Net)	143	215
Capital Leases (Net)	-	665
Construction in Process	1,600	2,847
Equipment and Machinery	37,009	89,540
Data Processing Software (Net)	639	570
Less: Allowance for Depreciation	<u>60,548</u>	<u>76,575</u>
Total	<u>\$61,280</u>	<u>\$95,627</u>

F. Summary of College and University Fund Fixed Assets

A summary of college and university fund fixed assets at June 30, 1989 follows:

(Expressed in Thousands)

Land	\$ 28,448
Buildings	568,550
Improvements	33,520
Equipment and Machinery	394,446
Museum Collection	<u>18,778</u>
Total	<u>\$1,043,742</u>

G. Tax Refund Payable

The balance sheet for the General Fund includes as a payable \$211,400,000. This represents General Fund revenue collected during the 1987-89 biennium in excess of the Legislature's approved amount which has not already been returned to taxpayers in the form of a tax credit as of June 30, 1989.

H. 1. Federal Commodities

The state receives and distributes surplus commodities from the federal government. They are not included in the statements because they are not current financial resources. Total commodities distributed during the year were valued at \$10,820,000. The balance on hand at June 30, 1989 is valued at \$804,000. Values are based on quantities times the current retail value of the commodity.

2. Food Stamps

The state distributes food stamps. Food stamps are not an asset of the state and accordingly are not included in the balance sheet or operating statements. The total food stamps distributed for the year were \$144,707,000.

3. Accounts Receivable

Oregon acts as collection agent for defaulted Guaranteed Student loans. The delinquent amount at June 30, 1989 was \$44,410,000.

I. Deferred Compensation

A deferred compensation program was authorized under Internal Revenue Code Section 457 and ORS 243.400 to 243.495. The program is a benefit available to all state employees wherein they may execute an individual agreement with the state for amounts earned by them to be paid at a future date. Participants in the program are not required to pay federal and state income taxes on the deferred earnings until it is received. Participants cannot receive the funds until certain circumstances are met. These circumstances are termination by reason of death; disability; resignation; retirement, or unforeseeable emergency. Payments to participants may be made over a period not to exceed the life expectancy of the participant and/or spouse. Employees of higher education institutions can opt to participate in external deferred compensation plans that are not included in this discussion.

Moneys accumulated by the State under its deferred compensation plan have been transferred to the Executive Department for deposit with various financial institutions and insurance companies. These deposits are not subject to the collateral requirements of Oregon Law. Moneys accumulated by the State under the deferred compensation program represent a general liability of the State to its employees whose rights are equal to but not greater than the rights of other general creditors with respect to such amounts.

The deferred compensation activity is included in Agency Funds. The investments are valued at market and total \$118,100,054 at June 30, 1989. See related note S.5.

J. Compensated Absences

It is the State's policy to record the cost of employee leave at the time the leave is paid. Employee leave includes vacation leave, sick leave, compensatory time, and personal leave.

Only vacation leave and some compensatory time meet the criteria to qualify for compensated absences disclosure:

1. The employee's right to receive compensation is based on services already rendered;
2. Rights are vested and accumulate;
3. Payment of the compensation is probable; and
4. The amount can be reasonably estimated.

The liability for compensated absences is calculated by each agency based on current salary costs. The total liability is \$62,930,000.

K. Short-Term Debt

At June 30, 1989, Veteran's Affairs tax notes payable represents \$135,000,000 in State of Oregon, General Obligation, Veterans' Tax Notes Series 1988, dated November 1, 1988, and due November 1, 1989. The tax notes were issued at an average coupon rate of 6.50 percent. The tax notes were issued in order to provide funds to the Department and to make property tax payments to the counties of the State on behalf of the Department's mortgagors.

L. Long-term Debt

1. Changes in Bonded Debt and Certificates of Participation

SUMMARY OF CHANGES IN BONDED DEBT
AND CERTIFICATES OF PARTICIPATION OUTSTANDING
(Expressed in Thousands)

	OUTSTANDING JULY 1, 1988	DEBT INCURRED THIS YEAR	DEBT REDUCED THIS YEAR	OUTSTANDING JUNE 30, 1989
<u>General Obligation Bonds</u>				
<u>General Fund Obligations</u>				
Community College Bonds	\$ 29,180	\$ -	\$ 1,690	\$ 27,490
Higher Education Project Bonds	<u>51,532</u>	<u>-</u>	<u>4,659</u>	<u>46,873</u>
Total General Fund Obligations	<u>80,712</u>	<u>-</u>	<u>6,349</u>	<u>74,363</u>
<u>Dedicated Fund Obligations</u>				
Oregon Veterans' Welfare Bonds	5,422,403	-	223,800	5,198,603
Higher Education Project Bonds	130,288	26,225	6,339	150,174
Oregon State Highway Bonds	27,100	-	3,300	23,800
Elderly Housing Bonds	100,525	7,000	540	106,985
Water Resources Bonds	22,003	-	1,204	20,799
Alternate Energy Bonds	159,440	11,700	3,765	167,375
Pollution Control Bonds	<u>112,075</u>	<u>-</u>	<u>9,750</u>	<u>102,325</u>
Total Dedicated Fund Obligations	<u>5,973,834</u>	<u>44,925</u>	<u>248,698</u>	<u>5,770,061</u>
Total General Obligation Bonds	<u>6,054,546</u>	<u>44,925</u>	<u>255,047</u>	<u>5,844,424</u>
<u>Revenue Bonds</u>				
Oregon State Highway Bonds	80,000	-	5,980	74,020
State Fair Bonds	6,500	-	180	6,320
Housing Bonds	<u>480,462</u>	<u>25,000</u>	<u>48,015</u>	<u>457,447</u>
Total Revenue Bonds	<u>566,962</u>	<u>25,000</u>	<u>54,175</u>	<u>537,787</u>
Total Obligation	<u>6,621,508</u>	<u>69,925</u>	<u>309,222</u>	<u>6,382,211</u>
<u>Certificates of Participation</u>				
Higher Education COP's	-	25,060	340	24,720
General Services COP's	<u>-</u>	<u>8,635</u>	<u>1,681</u>	<u>6,954</u>
Total COP's	<u>-</u>	<u>33,695</u>	<u>2,021</u>	<u>31,674</u>
Total Obligation	<u>\$6,621,508</u>	<u>\$103,620</u>	<u>\$ 311,243</u>	<u>\$6,413,885</u>
Discounts				(29,489)
Premiums				10,571
Accreted Interest				16,796
Matured Coupons and Bonds Payable				<u>14,077</u>
Total Liability Reported				<u>\$6,425,840</u>

2. Demand Bonds

Included in long-term debt is \$740,000 thousand general obligation demand bonds backed by the full faith and credit of the State of Oregon.

The bonds are subject to purchase on the demand of the holder on specified dates at a price equal to principal plus accrued interest. The remarketing agents are authorized to use their best efforts to sell the repurchased bonds at a price equal to 100% of the principal amount by adjusting the interest rate. In the event bonds cannot be remarketed, they will be purchased with funds from an irrevocable letter of credit. Under irrevocable letters of credit issued by eight Japanese Banks, the Fiscal Agent is entitled to draw an amount sufficient to pay the purchase price of bonds delivered to it and 210 days of interest. The letters of credit are valid through December 19, 1995. The letters of credit may be extended upon the mutual agreement of the parties involved. The principal amount of drawings made to pay the purchase price of tendered bonds that have not been remarketed is required to be repaid on or before the earliest of (a) the tenth anniversary of the date of the drawing, (b) the second anniversary of the termination of such Credit Bank's Letter of Credit, or (c) the date on which a Letter of Credit Event of Default has occurred. Additionally, upon the remarketing of any bonds held by a Credit Bank, the remarketing proceeds shall be paid to the Credit Bank in repayment of the drawing made on the Credit Bank's Letter of Credit in respect of such bonds.

The letter of credit agreement, renegotiated April 1, 1989, calls for the Department of Veterans' Affairs to pay an annual commitment fee of approximately \$3,600,000. The payment is divided into semi-annual amounts of \$1,800,000.

Series 73 bonds with Department of Veteran's Affairs have a maturity value of \$740,000,000. Because they have variable interest rates, the interest requirements are included at an assumed interest rate of 6 percent. For each change of 1 percent in Series 73 interest rate, annual interest requirements would change by approximately \$7,400,000.

3. No-Commitment Bonds

No-commitment long-term debt refers to revenue bond debt issued to finance public purpose expenditures intended for beneficial ownership by private entities. Such debt bears the name of the State but is secured solely by the credit of the private entity and usually is serviced and administered by a trustee independent of the State.

The Economic Development Department has issued \$342,662,000 of no-commitment long-term debt as of June 30, 1989. Of this amount, \$196,834,000 is still outstanding and is not included in the financial statements.

4.

**STATE OF OREGON
SUMMARY OF
GENERAL OBLIGATION BOND DEBT SERVICE**

(Expressed in Thousands)

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
1990	\$ 268,697	\$ 420,510	\$ 689,207
1991	292,026	404,949	696,975
1992	293,635	385,379	679,014
1993	305,298	366,157	671,455
1994	309,004	346,484	655,488
1995-1999	1,492,689	1,398,864	2,891,553
2000-2004	1,030,329	922,463	1,952,792
2005-2009	646,561	606,808	1,253,369
2010-2014	495,815	361,590	857,405
2015-2019	489,135	133,399	622,534
2020-2024	211,415	13,878	225,293
2025-2029	8,815	1,270	10,085
2030-2034	<u>1,005</u>	<u>73</u>	<u>1,078</u>
 TOTAL	 <u>\$5,844,424</u>	 <u>\$5,361,824</u>	 <u>\$11,206,248</u>

5.

**STATE OF OREGON
SUMMARY OF REVENUE BOND DEBT SERVICE**

(Expressed in Thousands)

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
1990	\$ 45,310	\$ 38,912	\$ 84,222
1991	21,705	37,208	58,913
1992	24,430	35,660	60,090
1993	24,715	33,958	58,673
1994	27,055	32,103	59,158
1995-1999	128,735	141,745	270,480
2000-2004	64,723	126,002	190,725
2005-2009	126,468	86,692	213,160
2010-2014	65,212	82,091	147,303
2015-2019	9,302	20,092	29,394
2020-2024	132	-	132
2025-2029	-	-	-
2030-2034	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL	 <u>\$537,787</u>	 <u>\$634,463</u>	 <u>\$1,172,250</u>

6. Advance Refundings

There were no advance refundings during Fiscal year June 30, 1989.

In June, 1988, the Department of Higher Education issued \$20,725,000 in general obligation bonds to advance refund \$12,445,000 of series 1980 and 1985A bonds.

In July, 1985, the Department of Higher Education issued \$11,925,000 in general obligation advance refunding bonds to advance refund \$11,390,000 of series 1982A bonds. In August 1978, outstanding bonds were defeased.

At June 30, 1989, the following outstanding bonds were considered defeased:

Series 1975 F	\$1,220,000
Series 1975 A	\$1,305,000
Series 1975 C	\$5,250,000
Series 1982 A	\$10,445,000
Series 1985 A	\$3,830,000

The money from the sale of the advance refunding bonds was placed in an irrevocable trust to provide for all future debt service payments on the old bonds. The amount of such purchases including their interest rates and maturity dates has provided funds to pay the interest and principal when due on the refunded bonds to and including the dates irrevocably fixed for redemption and to pay the principal amounts of the refunded bonds to be redeemed on such irrevocable redemption dates.

In prior years, the Department of Veterans' Affairs defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. At June 30, 1989, \$231,600,000 of bonds outstanding are considered defeased.

On October 11, 1983, Water Resources \$16,115 thousand bond issue was defeased. Securities necessary to retire the bonds were purchased and in the hands of a trustee at that date.

M. Interfund Receivables and Payables

A summary of interfund receivables and payables at June 30, 1989, follows:

(Expressed in Thousands)

	Receivables	Payables
General Fund	\$224,713	\$ 76,050
Special Revenue Funds	56,025	114,958
Debt Service Funds	-	3
Capital Projects Funds	32,741	564
Enterprise Funds	14,168	36,717
Internal Service Funds	5,302	112,624
Trust and Agency Funds	458,141	479,873
College and University Funds	<u>29,840</u>	<u>141</u>
Total	<u>\$820,930</u>	<u>\$820,930</u>

N. Advances to/from Other Funds

1. Summary

Advances are noncurrent loans within the reporting entity. The State of Oregon has arranged various advances between funds and account groups:

	(Expressed in Thousands)	
	Advances to Other Funds	Advances from Other Funds
General Fund	\$56,076	\$13,488
Special Revenue Fund	921	51,123
Debt Service Fund	-	15
Enterprise Fund	19,644	6,292
Internal Service Fund	-	5,031
Trust and Agency Fund	8	-
Colleges and University Funds	-	701
	<u>\$76,649</u>	<u>\$76,650</u>

2. Senior Citizen's Tax Deferral

The General Fund has advanced to the Special Revenue Fund \$50,981,000 for the Senior Citizens Tax Deferral Program. To date no provision has been made to settle this advance. In addition, interest of \$19,466,000 has accrued. Because plans have not been made to repay the advance, the interest liability has not been included in the report.

3. Transfer of Funds from the Oregon War Veterans' Sinking Fund to the State General Fund

By opinion dated June 15, 1988, (Op Atty Gen No. 8193), the Oregon Attorney General determined that the Oregon General Fund owes the Oregon War Veterans' Sinking Fund approximately \$8,018,000 in principal, based on unauthorized legislative transfers from the Veterans' Sinking Fund in December 1952 (approximately \$2,500,000) and in June 1963 (\$5,518,000). According to the Attorney General's opinion, the "interest" to be paid on these amounts equals the rate earned by the State Treasurer on the Treasurer's investments of excess cash in the State Treasury belonging to General Fund agencies during the period from each of the respective diversions from the Veterans' Sinking Fund to the Oregon General Fund.

The total accumulated liability, including principal, to the General Fund as of June 30, 1989, from the 1952 and 1963 transfers is \$59,096,000.

The Attorney General's opinion also indicated that between 1951 and 1977, there were legislatively directed diversions from the Veterans' Sinking Fund to the General Fund. Additionally, new facts indicate that money was also appropriated from the Veterans' Fund by the legislature for use in paying General Fund obligations related to administrative costs of providing DVA services from 1951 to the present. These diversions totalled \$3,456,000. Because these appropriations were not authorized constitutionally until 1977, transfers prior to 1977 must be repaid.

The total accumulated liability, including principal, to the General Fund as of June 30, 1989, from the diversions between 1951 and 1977 is \$15,781,000.

State of Oregon

The total accumulated liability, including principal and interest, to the General Fund as of June 30, 1989, from the diversions between 1951 and 1977, and the money appropriated from the Veterans' Fund from 1951 to 1977 for administrative costs of providing DVA services is \$74,877,000. The opinion further explained that repayment of principal and interest may be made only when and in the manner authorized by action of the Oregon Legislative Assembly. Interest continues to accrue at the state's short-term investment post-earnings rate until repayment.

The total principal and interest of \$74,877,000 is reported as a liability of the General Fund and asset in the Enterprise Fund. See related Note S.1.

O. Segment Information for Enterprise Funds

The State maintains many enterprise activities which provide mortgage loans to veterans, mortgage loans to low income families and for multi-unit housing, health care, insurance, lotteries, liquor control, and other services. Segment information for the year ended June 30, 1989 was as follows:

(Expressed in Thousands)

	Housing	Veterans' Affairs	Lottery	OLCC	SAIF	All Other
Operating Revenues	\$ 55,024	\$ 450,809	\$155,983	\$156,828	\$ 249,848	\$128,199
Depreciation and Amortization	11	475	414	259	2,766	2,619
Operating Income (Loss)	2,658	24,118	51,643	43,354	(127,984)	(46,926)
Operating Transfers In	-	-	-	-	-	116,493
Operating Transfers Out	-	-	52,305	43,001	-	83,092
Net Income (Loss)	1,849	11,670	598	296	(22,313)	(12,868)
Current Contributions:						
Residual Equity Transfers In	-	-	-	-	-	575
Residual Equity Transfers Out	-	-	-	-	-	126
Property, Land, and Equipment:						
Additions	5,381	549	440	734	3,429	1,711
Deletions	5,968	(4)	-	247	-	64
Net Working Capital	159,006	937,388	2,473	16,211	1,287,665	78,563
Total Assets	652,519	5,439,206	26,810	37,612	1,403,259	354,042
Bonds and Other Long-Term Liabilities:						
Payable from Operating Revenues	539,682	4,958,731	5,374	266	1,120,953	193,507
Total Equity	\$ 51,690	\$ (21,846)	\$ (1,389)	\$ 20,029	\$ 181,147	\$ 92,903

P. Insurance

The Risk Management Division, Department of General Services administers property and casualty insurance programs for state agencies. The following statewide insurance coverages are provided to all state agencies:

The Insurance Fund established under ORS Chapter 278 provides insurance for loss or damage to state property caused by specified perils. A commercial reinsurance policy with limits of \$200,000,000 provides financial stability to the Fund in the event of catastrophic losses.

The Insurance Fund also provides insurance for Tort liability claims brought against the state and its officers, employees and agents under ORS 30.260 to ORS 30.300. Insurance coverage is also provided by the Fund for vehicle liability arising out of the use of owned, leased or controlled vehicles.

The Insurance fund liabilities are reported using the full cost valuation method.

ORS 30-270 limits the liability of the state and its officers, employees and agents to:

1. \$50,000 to any claimant for any number of claims for damage to or destruction of property, including consequential damages arising out of single accident or occurrence.
2. \$100,000 to any claimant as general and specific damages for all other claims arising out of a single accident or occurrence unless those damages exceed \$100,000, in which case the claimant may recover additional special damages, but in no event shall the total award of specific damages exceed \$100,000.
3. \$500,000 for any number of claims arising out of a single accident or occurrence.

All employees, including elected officials and members of boards and commissions, are covered under a blanket honesty and faithful performance bond. The current bond provides indemnity limits of \$5,000,000 per occurrence.

The Department of General Services administers the procurement of workers' compensation insurance for the state from SAIF Corporation.

Various specific commercial insurance policies are purchased when an agency has a particular insurance requirement not covered by the Insurance Fund.

The long-term liabilities of the Insurance Fund include \$67,061,000 in reported insurance claims, unreported (but anticipated) claims, and legal expense relative to the claims. The estimates for unreported claims were determined using historical data.

Q. SAIF Claim Loss Liability

The liability for claim and claim adjustment expenses is based on past experience and includes provision for reported claims, claims incurred but not reported, and claims that are currently considered to be closed but which experience indicates will be reopened.

SAIF follows the practice of discounting claim reserves to their present value. SAIF follows the reserving methodology of discounting all indemnity at 7 percent and all medical at 3.5 percent. The discount reflected in the claim reserves at June 30, 1989 totaled \$542,323,000.

The Department of Insurance and Finance reimburses workers' compensation insurance companies, including the State Accident Insurance Fund, for some workers' compensation claim costs arising from supplemental cost of living adjustments and workers rehabilitation. Reasonable estimates of costs to be incurred are not available. Accordingly no liability is reported.

R. Commitments and Contingencies

1. Commitments

College and University Fund capital project commitments at year end totaled \$34,896,000. Other capital project commitments as of June 30, 1989, were approximately \$12,798,000.

Commitments of the Special Revenue Fund to be paid from State and federal moneys totalled \$258,991,079 at June 30, 1989.

The estimated encumbrances outstanding at June 30, 1989 by fund were as follows:

General Fund	\$2,970,000
Special Revenue Fund	<u>5,915,000</u>
Total	<u>\$8,885,000</u>

Some of the buildings such as the one occupied by the Employment Division, were either paid for or were leased utilizing, at least in part, federal funds which may create a federal equity in the property. Any federal equities in the State's fixed assets cannot be determined at this time and are not reflected in this report.

2. Leases

Financial reporting and accounting procedures differ between operating leases and capital leases. Operating leases are rental agreements, and payments are chargeable as rent in the services and supplies expenditure category. Capital leases are treated similar to purchases on contract. The property is capitalized at the present value when the lease is incurred and a corresponding liability is recorded.

If the Oregon Legislature should disallow the necessary funding for particular leases, all lease agreements contain termination clauses which provide for cancellation of the lease at the end of a fiscal year.

The liability for capital leases of real property is included in the financial report.

The State has entered into various leases for real property and personal property.

Personal property operating leases and capital leases are incurred at the agency level. Payment information for leases of personal property was not determinable at the time of this report.

Lease obligations decrease each year because of lease expirations. It is expected these leases will be replaced with leases which have higher rental rates due to inflationary pressures.

The minimum future lease payments of real property for the next five years are (amounts in thousands):

(In Thousands)	Lease Obligations		Annual Total
	Capital Leases	Operating Leases	
Fiscal year ending:			
June 30, 1990	\$ 282	\$ 619	\$ 901
June 30, 1991	282	377	659
June 30, 1992	247	106	353
June 30, 1993	239	106	345
June 30, 1994	128	106	234
Thereafter	<u>-</u>	<u>741</u>	<u>741</u>
Total	<u>\$1,178</u>	<u>\$2,055</u>	<u>\$3,233</u>

3. Unemployment Benefits

State departments are subject to the Department of Employment Act. State employees who qualify are entitled to benefit payments during periods of unemployment. Each state department is required to reimburse the Employment Division for benefit payments made to their former employees. There appears to be no practical method of estimating the amount of future benefit payments which may be made to former employees for wage credits earned prior to June 30. Consequently, this potential obligation is not included in the accompanying financial statements.

However, the total expenditure for the year is \$3,353,108.

4. Pending Litigation

Pending Litigation as of June 30, 1989 included:

- a. **Alsea Veneer, Inc., et al v. State of Oregon, et al; ABC Roofing Co., Inc., et al v. State of Oregon, et al** - Two class action lawsuits were filed in September 1988, seeking damages in behalf of workers' compensation policyholders arising from the 1983 transfer of \$81 million from the Industrial Accident Fund to the State General Fund. At this time, no estimate is available concerning the potential liability of or range of potential loss to the General Fund. The Attorney General's Office is unable to predict the ultimate outcome of these lawsuits.
- b. **Metropolitan Life Insurance Co. and Others** - Out of state insurance companies filed petitions seeking rulings from the Oregon Insurance Commissioner that they were entitled to refunds on taxes paid on gross premiums. These claims aggregate in excess of \$30,000,000, as of June 30, 1989, for taxes paid through 1987.
- c. **Potential Job Training Partnership (JTPA) CLaim** - The Attorney General believes the federal government may seek state repayment based on a review of less than half of the JTPA training agreements. Preliminary estimates are that as much as \$13 - 18 million in state repayment may be at risk.
- d. **USA v Oregon** - This case is pending in U.S. District Court, and is a challenge to conditions at Fairview Training Center. Although no damages are sought in this specific case, compliance with the injunction the plaintiff seeks would likely cost several million dollars a year. It is not possible to estimate the likelihood of an unfavorable outcome.
- e. **Beverly Enterprises v State** is pending in Washington County Circuit Court. The case involves a challenge to the rates that the state pays nursing homes for caring for Medicaid patients. A loss in this case would require significantly increased payments to nursing homes for services rendered in prior years, estimated to be as much as \$5 million. On the other hand, the federal government pays about 62% of Medicaid costs, and would thus have to absorb the long half of any loss. Judgement was entered against the state in favor of the plaintiffs. The State has appealed that decision. The eventual outcome is uncertain.
- f. **Oregon Association of Hospitals v Department of Human Resources** - This case is pending in U.S. District Court. This case is a challenge to rates paid to hospitals for caring for Medicare patients. The same comments previously made about Beverly Enterprises are applicable here, *i.e.*, that a loss would have a considerable fiscal impact, but that the federal government would be responsible for most of it, and that it is not now possible to estimate the likelihood of an unfavorable outcome.

- g. **Francisco v. Department of Human Resources** - This case is pending in U.S. District Court. This case is a challenge to rates paid long-term care facilities for caring for Medicaid patients. The same comments previously made about Beverly Enterprises are also applicable here, i.e., that a loss would have a considerable fiscal impact, but that the federal government would be responsible for the greater share. It is not now possible to estimate the likelihood of an unfavorable outcome.
- h. **Oregon Association of Hospitals v. State** - This case is pending in Marion County. It is related to Oregon Association of Hospitals v. Department of Human Resources. This case seeks damages for services provided July 15, 1983 to September 30, 1985 totaling approximately \$2,000,000. It is not now possible to estimate the likelihood of an unfavorable outcome. In the event of an unfavorable outcome, the federal government would significantly participate.
- i. **Union Pacific v. Oregon Public Utility Commission** - The Union Pacific Railroad seeks a refund and an injunction against the state's collection of a regulatory levy that funds the state rail safety regulatory program. The U.S. District Court for the District of Oregon enjoined the collection of the tax, and the state has appealed to the U.S. Court of Appeals for the Ninth Circuit. The railroad paid approximately \$500,000 in protest, so that amount plus interest is at risk, although repayment will be paid out of that fund rather than the state General Fund. Because an adverse ruling would affect amounts paid the state by other railroads, the total refund exposure may approximate \$2 million.
- j. **Columbia Pacific v. Public Broadcasting** - This case is pending in Multnomah County. The issue is whether the "Little Davis-Bacon" act applies to build-to-suit lease agreements entered into by state agencies. An affirmative answer would cost \$300,000 in this case with an overall impact on state operations over \$1,000,000. By memorandum opinion the court rules in favor of the State. That judgement has been appealed. It is not now possible to estimate the likelihood of a favorable outcome.
- k. **Aggregate Claims Exceeding \$25 million against the State of Oregon** - In addition to the above cases, there were approximately 300 other tort cases pending against state defendants in early July 1989, in which the plaintiffs sought money damages. These cases all: (1) are pending in Oregon state courts; and thus (2) are subject to the liability limitations stated in the Tort Claims Act of \$500,000 per occurrence, \$100,000 per individual for physical injuries and \$50,000 for property damage. The likelihood of an unfavorable outcome in these cases ranges from probable to remote, but it is certain that the outcome in any one case cannot be more favorable than the Tort Claims Act limits. Considering all this, it is certain that these cases do not involve real exposure to \$25 million in the aggregate. In this regard, it might be worth noting that, during calendar 1987, the total amount that the State of Oregon paid out in settlements and judgments in tort cases handled by the Trial Division was just over \$2 million.

5. Federal Grants

The State of Oregon has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the State of Oregon.

Institutions of higher education and other state agencies are required to comply with various federal regulations issued by the Office of Management and Budget, if such agencies are recipients of federal grants, contracts, or other sponsored agreements. Certain state agencies may not be in total compli-

ance with these regulations. Failure to have complied with certain systems requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements.

6. Job Training Partnership Act

The Job Training Partnership Act of 1982 (JTPA) requires all recipients to accept responsibility for repayment of federal funds that are expended in violation of its provisions. The potential liability to the federal government for repayment of potentially disallowed expenditures has been limited by an Attorney General Opinion to the current unaudited expenses - a 12 month period. The prior years financial statements reported a potential liability in the General Fund equal to the amount of federal funds requested. The potential liability at June 30, 1989 was \$37,263,000.

Currently, it is not probable that a loss contingency exists. Therefore, no amount has been reported as a liability on the financial statements.

7. Federal Claims

- a. **Oregon Department of Human Resources v. DHHS** - This case was an administrative appeal before the Department of Health and Human Services (DHHS) Departmental Appeals Board. DHHS has refused to approve a Cost Allocation Plan (CAP) for Children's Services Division. The board has stayed the appeal for settlement negotiations. DHHS has made an offer that would require the state to transfer about \$1.5 million to DHHS. The state has counteroffered, which if accepted, would not require the transfer of money to DHHS. DHHS has not yet responded. It is not possible to estimate the outcome at this time.
- b. **Oregon Department of Human Resources v. HCFA** - This case is on administrative appeal before the federal Department of Health and Human Services Grant Appeals Board. HCFA has disallowed the state's financial participation for \$1,155,000 for a portion of compensation paid for housekeeper services to clients who qualify. It is not now possible to anticipate the probable outcome.
- c. **Oregon Department of Human Resources vs. DHHS et. al.** - This case is on administrative appeal. Three federal agencies have questioned costs regarding the allowability of federal financial participation in the costs of automated data processing services obtained under subcontract. The total of these three federal disallowance claims is likely to be slightly in excess of \$3 million. It is not possible to estimate the likelihood of the outcome of the appeal at this time.

8. Retrospective Workers Compensation Liability

Retrospective insurance plans were purchased from the State Accident Insurance Fund (SAIF), for fiscal year 86/87 and 88/89. These plans generally do not close until the fifth annual audit following the end of the fiscal year. Both plans are open as of June 30, 1989, with estimated liabilities as follows:

86/87	\$ 4,092,127
88/89	\$35,633,673

These estimated amounts are included in the long-term liabilities of the Insurance Fund, under "Insurance" footnotes, which is \$67,061,000.

A standard coverage plan was purchased for fiscal year 1987-88. There is no remaining liability for that plan.

9. State Income Tax on Retirement Benefits

The State of Oregon Attorney General, in an opinion dated May 10, 1989, concluded there is a potential General Fund liability to Oregon taxpayers for income taxes paid on retirement income. Oregon has a state income tax law under which the benefits received by retirees in the Oregon Public Employees Retirement System (PERS) are exempt from state income tax, while federal retirement benefits paid to Oregon residents are not fully exempt.

House Bill 3508 was enacted by the 1989 Oregon Legislative Assembly to address this inequity so the state would not be liable for refunds to federal retirees for taxes paid in prior years. However, a group of federal retirees is now seeking a referendum to place House Bill 3508 before the Oregon voters for approval or rejection at the May, 1990 primary election. At this time, no estimate can be made concerning the potential liability or range of potential loss to the General Fund, since the outcome of the referendum or possible vote cannot be anticipated.

10. Arbitrage Payable

The Tax Reform Act of 1986 placed restrictions on the nonpurpose investment earnings arising from the proceeds of Qualified Veterans' Mortgage Bonds issued after August 15, 1986. Specifically, the nonpurpose investment earnings on these bonds are limited to the yield on each individual bond issue (based on the initial offering price to the public). Nonpurpose investment earnings in excess of the bond yield limitations are subject to rebate.

During 1986 and 1987, the Department's nonpurpose investment earnings on its 1986 Tax Note (a Qualified Veterans' Mortgage Bond) exceeded the amount permitted. As of June 30, 1989, this potential liability together with interest accruals is estimated to be approximately \$2,160,660.

S. Subsequent events

1. Receipt of State General Fund Moneys

On July 1, 1989 \$58,984,660 was transferred from the State General Fund to the Department of Veterans' Affairs Bond Sinking Fund. The appropriation, summarized in House Bill 2010, was for the purpose of repaying amounts diverted from the Department's Farm and Home Loan Program to the General Fund. See Note N.3.

House Bill 2010 also appropriated funds to the Emergency Board for the purpose of repaying moneys expended for the Veterans' Services Division which were, at the time, beyond the scope of activities to which the funds were dedicated. See Note N.3. The funds were transferred at the request of the Executive Department in January, 1990 in the amount of \$16,750,000. This liquidates the liability of the General Fund.

2. Fixed Rate Conversion of Bond Series 73 A, B, C, and D

During the period from July 1989 through August 1989, the Department of Veterans' Affairs converted its Series 73 A, B, C, and D Bonds from variable rate debt to fixed rate debt. These bonds, totalling \$370,000,000 in principal outstanding, were fixed at coupon interest rates ranging from 6.875 percent to 7.0 percent and have scheduled maturities ranging from the years 2011 to 2015.

As a result of the fixed rate debt conversion the annual commitment fee will now drop to approximately \$1,800,000 per year. The semi-annual payments will correspondingly drop to approximately \$900,000.

3. Variable Rate Mode Change of Bond Series 73 E, F, G, and H

During the period from September 1989 to November 1, 1989, the Department of Veterans' Affairs changed the variable rate modes on its Series 73 E, F, G, and H Bonds to a seven-day variable rate. Previously, the Series 73 E and F Bonds, totaling \$185,000,000 in principal outstanding, were in a six-month variable rate mode. The Series 73 G and H Bonds, totaling \$185,000,000 in principal outstanding, were in a one-year variable rate mode.

The Department currently has \$370,000,000 in variable rate debt outstanding, all of which is in the seven-day variable rate mode.

The table below capsulizes the conversion information.

Series	Fixed Rate or Weekly	Amount Being Converted	Effective as of:	Maturity Date
A	7.000%	\$92,500,000	Aug 1, 1989	Dec 1, 2001
B	6.875%	92,500,000	July 3, 1989	Dec 1, 2013
C	6.875%	92,500,000	July 3, 1989	Dec 1, 2014
D	7.000%	92,500,000	Aug 1, 1989	Dec 1, 2015
E	Weekly	92,500,000	Sept 15, 1989	Dec 1, 2016
F	Weekly	92,500,000	Sept 15, 1989	Dec 1, 2017
G	Weekly	92,500,000	Nov 1, 1989	Dec 1, 2018
H	Weekly	92,500,000	Nov 1, 1989	Dec 1, 2019

4. Bond Issues

The following bonded debt has been incurred since June 30, 1989:

- September 1989, Department of Higher Education, General Obligation Bonds, \$41,208,160.
- November 1989, Department of Veterans' Affairs, General Obligation Bond Tax Notes, \$100,000,000.
- January 1990, Department of Energy, General Obligation Bonds, \$7,150,000.
- January 1990, Housing Agency, General Obligation Bonds, \$14,610,000.
- January 1990, Department of General Services, Certificates of Participation, \$38,120,000.

5. Deferred Compensation

On February 21, 1990 the Benjamin Franklin Savings and Loan was put into a conservatorship status by the Office of Thrift Supervision. This institution is a depository for approximately \$38 million in Deferred Compensation funds. Deferred Compensation accounts involved remain fully insured by the Federal Deposit Insurance Corporation (FDIC).

T. Extraordinary Items

Interest Rate Caps

In connection with the Series 73 variable interest rate bond issue, the Department of Veterans' Affairs purchased a form of interest rate protection insurance. The interest rate caps were purchased for \$29,680,000 in December 1985.

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On August 11, 1988 the Department sold a portion of the interest rate caps agreement for \$4,125,000. On April 25, 1989 the Department sold the remaining portion of the interest rate cap agreements for approximately \$5,200,000. A loss of \$12,448,088 was realized on the sale and is shown as an extraordinary item on the income statement.

U. Gain Contingency

The Department of General Services is seeking \$1,200,000 for lost interest on funds advanced for acquisition of the GTE phone system. The ultimate outcome is not determinable at this time.

V. Deficit Retained Earnings and Fund Balances

The following enterprise funds showed a deficit retained earnings at June 30, 1989 (amounts in thousands):

Dept. of Veterans' Affairs	\$21,846
State Lottery Commission	1,389
Dept. of Energy	189
Water Resources	1,301

The following internal service fund showed a deficit retained earnings at June 30, 1989 (amounts in thousands):

Corrections Industries	\$ 509
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The following trust funds showed a deficit retained earnings at June 30, 1989 (amounts in thousands):

Retirement Health Insurance Trust Fund	\$11,116
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W. Pension Plan for State Employees

1. Description of Plan

Plan Membership.

The Oregon Public Employees Retirement System (PERS) is a statewide defined benefit retirement plan for units of state government, political subdivisions, community colleges, and school districts. PERS is administered under Oregon Revised Statutes Chapter 237 by the Public Employees Retirement Board (PERB). For state agencies, community colleges and school districts PERS is a cost-sharing, multiple-employer system. It is an agent multiple-employer system for political subdivisions. Participation by state government units, school districts and community colleges is mandatory. Participation by most political subdivisions is optional but irrevocable if elected.

The Judges Retirement System (JRS) is a defined benefit, single-employer plan, for Judges of the Courts in the Judicial Department of the State of Oregon who did not transfer to the PERS plan in 1983 or 1987. The JRS is administered under ORS 1.301 to 1.390. Judges elected or appointed after January 1, 1984 automatically become "judge members" of PERS. Membership data follows:

Employee Members	12-31-88	JRS	12-31-87	JRS
	PERS		PERS	
State Agencies	121	1	120	1
Political Subdivisions	421	-	403	-
Community Colleges	16	-	16	-
School Districts	<u>336</u>	-	<u>336</u>	-
Total	<u>894</u>	<u>1</u>	<u>875</u>	<u>1</u>

Employee Members.

Retirees and Beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them:

	12-31-88	JRS	12-31-87	JRS
	PERS		PERS	
General	50,729	66	48,828	66
Police and Fire	<u>1,804</u>	-	<u>1,638</u>	-
Total	<u>52,533</u>	<u>66</u>	<u>50,466</u>	<u>66</u>

Current Employees	12-31-88	JRS	12-31-87	JRS
	PERS		PERS	
Vested:				
General	84,898	-	80,338	4
Police and Fire	5,364	-	5,056	-
Nonvested:				
General	47,089	14	45,975	14
Police and Fire	<u>2,053</u>	-	<u>1,916</u>	-
Total	<u>139,404</u>	<u>14</u>	<u>133,285</u>	<u>18</u>

The total payroll for the year ended June 30, 1989 was \$689,739,777 while total PERS covered payroll was \$613,664,972. Substantially all employees are covered because after six months trial service with the state all employees must belong to PERS. The Oregon PERS collects contributions from both employers and employees for the purpose of funding retirement benefits. Each employee contributes 6% of their salary. The employee's share is either deducted from their salary or is "picked up" by the employer. The system covers about 133 thousand state and local government Oregon employees and 50 thousand retired employees or their beneficiaries.

2. Plan Benefits

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from seven retirement benefit options. These options include survivorship benefits and lump sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.00 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a money match or an annuity-plus-pension computation if a greater benefit results.

Police and fire members may purchase additional retirement benefits.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Members with 30 years of service (25 years for police and fire members) receive unreduced benefits. General employee benefits are reduced if retirement occurs prior to age 58 with less than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with less than 25 years of service.

The retirement allowance for judge members is computed by multiplying 2.8125 percent by the final average salary for the first 16 years of service, and 1.67 percent of final average salary multiplied by the number of years of service as a judge in excess of 16. For most judge members, the maximum amount is limited to 65 percent of final average salary.

JRS members are entitled to an amount equal to one-twelfth of 45 percent of final average salary, upon reaching age 65 with 16 years of service or at age 70 with 12 years of service.

Death Benefits.

Upon the death of a non-retired PERS member, the beneficiary receives a lump sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance provided that one or more of the following is true:

- The member was employed by a PERS employer at the time of death.
- The member died within 120 days after termination of PERS-covered employment.
- The member died as a result of injury sustained while employed in a PERS-covered job.
- The member is on an official leave of absence from a PERS-covered job at the time of death.

A member's beneficiary may choose a monthly payment for life instead of the lump sum.

Surviving spouses of JRS members receive a monthly payment as provided in ORS 1.340.

Disability Benefits.

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes receives a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

JRS members who have served a minimum of six consecutive years and who become physically or mentally incapacitated are entitled to a monthly benefit.

Monthly benefits are adjusted annually for cost-of-living changes. Two percent per year is the maximum cost of living adjustment. Periodically, the Oregon Legislature has granted ad hoc increases to post-retirement benefits.

Post-Retirement Health Care Benefits.

As described in ORS 237.325, up to \$50 toward insurance coverage to supplement federal Medicare, may be paid from the Retirement Health Insurance Trust Fund (RHITF). To qualify, persons must be eligible for federal Medicare coverage, and must be receiving a retirement allowance or benefit from PERS or JRS. Creditable service is another factor in determining eligibility for post-retirement health care benefits. Eligible persons include:

- a PERS member, retired for service or disability, with eight years or more of creditable service;
- a surviving beneficiary of a deceased PERS member who was eligible at the time of death;
- A retired judge receiving retirement pay under ORS 1.314 to 1.380;
- A person who is receiving a pension under ORS 1.314 to 1.380 as the surviving spouse of a retired judge who was eligible at the time of death.

3. Funding Requirements

Member contributions are established by statute at four to seven percent of salary. They are remitted by the participating employers. The contributions are either deducted from the members' salaries or paid by the employers. The Member Reserve represents member contributions and earnings allocations less refunds and amounts transferred to reserves for retirement and disability.

Employer contribution rates are determined using an actuarial formula known as the "entry age cost method". Under this method, a "normal cost" rate for each member is calculated. Normal cost is a level percentage of salary. Beginning at the member's entry into the system, it will accumulate to an amount sufficient to provide the member's retirement benefit. After the unfunded supplemental present value created by this method has been determined, the employer contribution rates are established as a level percentage of salary. The rates are set to cover the normal cost and amortize the unfunded amount over a 30-year period, commencing on the actuarial valuation date.

Based on the 1987 actuarial valuation, the Board decided to phase in a recommended increase, beginning January 1, 1991.

4. Funding Status and Progress

The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits. The amount is adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of "Credited Projected Benefits".

It is intended to help users assess the System's funding status on a ongoing-concern basis, assess progress made in accumulating sufficient assets to pay benefits, and make comparisons with other systems. The measure is independent of the actuarial funding method used to determine contributions to PERS, discussed in Note W.6.

The pension benefit obligation was determined as part of an actuarial valuation at December 31, 1987, and estimated as of December 31, 1988, based on an update prepared by the PERS consulting actuary. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, (b) additional projected salary increases attributable to seniority/merit, and (c) post-retirement benefit increases of 2 percent compounded annually.

State of Oregon

At December 31, 1988, the unfunded pension benefit obligation was \$673.6 million as follows:

Pension benefit obligation (in thousands):

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 3,328,900
Current Employees - Accumulated employee contributions including allocated investment income	2,718,800
Employer-financed vested	3,619,500
Employer-financed non-vested	<u>358,000</u>
Total pension benefit obligation	\$10,025,200
Less net assets available for benefits, at book value per balance sheet	<u>9,351,600</u>
Unfunded pension benefit obligation	<u>\$ 673,600</u>

5. Contributions Required and Contributions Made

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a level percentage of annual covered payroll, coupled with employee contributions accumulate sufficient assets to pay benefits when due.

Employer contributions to the PERF for the year were \$330,829,187, equivalent to 10.95 percent of the members' aggregate annual salaries of \$3,021,402,696. Amounts actually contributed by employers were in accordance with actuarially computed funding requirements. Employer contributions consist of three components: a normal cost rate, an unfunded actuarial accrued liability contribution rate, and a rate for ad hoc increases. Actual employer rates varied among the employer group as follows:

	State Agencies and Community Colleges	Schools	Political Subdivisions Police & Fire	General
Normal Cost	8.67%	9.56%	12.58%	6.43%
Unfunded Actuarial Liability	.80	1.49	4.20	.34
Ad Hoc Increases	<u>.75</u>	<u>.75</u>	<u>.75</u>	<u>.75</u>
	<u>10.22%</u>	<u>11.80%</u>	<u>17.53%</u>	<u>7.52%</u>

The rates for political subdivisions are presented in the aggregate. Actual rates for political subdivisions vary by employer.

6. Actuarial Cost Method and Assumption

Employer contribution rates are set using the entry age actuarial cost method. This method produces an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for amortization of the unfunded actuarial accrued liability over a period of 30 years ending in 2005.

Beginning with the December 31, 1987 actuarial valuation, a change was made to the period over which the unfunded actuarial accrued liability is amortized. The unfunded actuarial liability is amortized over a rolling thirty-year period commencing on the date of the actuarial valuation. The effect of this change is estimated to reduce required employer contribution rates approximately seven-tenths of one percent annually.

The actuarial valuation as of December 31, 1985, which was used in determining contribution rates for 1988 and 1989, made the following assumptions: (1) a rate of return on the investment of present and future assets of 7.5 percent per annum compounded annually; (2) projected salary increases of 6 percent per year compounded annually due to annual salary increases plus increases due to promotions and longevity; (3) pre-and post-mortality life expectancies of participants, based upon several mortality tables (UP-1984, 1965-70 Basic Ultimate, and 1971 Individual Annuity Mortality); (4) rates of withdrawal from active service before retirement for reasons other than death, rates of disabilities, and expected retirement ages developed on the basis of actual plan experience; (5) rates for extra liabilities resulting from the grandfathering of former plan benefits; and (6) a factor for unused sick leave that is used to increase the final average salary used to calculate retirement benefits.

Significant actuarial assumptions used to compute contribution requirements are essentially the same as those used to compute the standardized measure of the pension benefit obligation discussed in Note W.4. The major difference is that the pension benefit obligation does not include an additional liability for the actuarial present value of benefits to be earned from future service by current employees.

7. Actuarial Present Value of Accrued Benefits and Projected Benefits

The December 31, 1987 actuarial valuation of the System reported that the present value of accrued benefits for all non-retired members is fully funded. It also reported that the present value of projected benefits to be earned in future years by present members is not fully funded.

These two segments represent the unfunded actuarial accrued liability. This is the amount by which the accumulated entry age costs for all non-retired members of the system exceed the assets available to meet benefit commitments.

The unfunded actuarial accrued liability is amortized over a rolling 30-year period, commencing on the date of the actuarial valuation.

As noted earlier, the use of a rolling amortization period is a change from the fixed period ending in 2005 which had been utilized for most employers prior to the December 31, 1987 actuarial valuation. This change had no effect on the actuarial accrued liability at December 31, 1987.

A comparison of the 1987 and 1985 actuarial valuations follows:

	Expressed in Millions	
	12-31-87	12-31-85
Present Value of Accrued Benefits (earned and nonforfeitable)	\$(2,028.1)	\$(1,994.8)
Present value of Projected Benefits to be Earned in Future Years by Present Members	<u>\$ 2,909.9</u>	<u>\$ 2,506.8</u>
Total Unfunded Actuarial Accrued Liability	<u>\$ 881.8</u>	<u>\$ 512.0</u>

The residual equity transfer to create the Retirement Health Insurance Trust Fund was the most significant factor leading to the increase in the unfunded actuarial liability as of December 31, 1987.

SFAS 35 requires pension plans to recognize the present value of accrued benefits attributable to members' service as of a specified date. NCGAS 6 requires pension plans to recognize the present value of projected benefits. Projected benefits represent the accrued benefits plus benefits based on future compensation as projected to retirement. For financial reporting purposes, PERS reports actuarial liabilities for accrued benefits. PERS will continue this practice until the conflict between SFAS 35 and NCGAS 6 is resolved.

8. Historical Trend Information

Historical trend is designed to provide information about Oregon PERS' progress made in accumulating sufficient assets to pay benefits when due is presented below.

Year	(1) Net Assets Available for Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1)/(2)	(4) Unfunded Pension Benefit Obligation (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4)/(5)
1985	5,824.2	6,456.5	90.2%	632.3	2,489.8	25.4%
1987	7,696.5	8,325.0	92.5%	628.5	2,826.0	22.2%
1988	9,351.6	10,025.2	93.3%	673.6	3,021.4	22.3%

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of Oregon's funding status on a going-concern bases. Analysis of this percentage over time indicates whether the system is becoming financial stronger or weaker. Generally, the greater this percentage, the stronger the retirement system. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of Oregon's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the retirement system.

**Oregon Public Employees Retirement System
REVENUE BY SOURCE AND EXPENSES BY TYPE
PUBLIC EMPLOYEES RETIREMENT FUND**

Revenues by Source

Year	Employee Contributions	Employer Contributions	Investment Income	Other Income	Total
1979	\$ 94,012,656	\$143,921,071	\$ 211,183,409	\$239,561	\$ 449,356,697
1980	102,589,898	182,054,762	360,448,980	321,043	645,414,683
1981	112,983,939	210,990,447	107,043,791	357,514	431,375,691
1982	135,134,543	265,686,189	470,730,906	319,699	871,871,337
1983	126,863,132	256,744,958	661,458,953	386,182	1,045,453,225
1984	166,679,883	235,312,467	296,664,481	418,298	699,075,129
1985	147,293,914	261,729,591	992,100,326	393,071	1,401,516,902
1986	152,357,774	273,091,405	1,226,755,434	427,552	1,652,632,165
1987	160,487,809	287,795,014	566,069,769	52,943	1,014,405,535
1988	172,475,516	330,829,187	1,257,384,384	34,716	1,760,723,803

Expenses by Type

Year	Benefits	Administrative Expenses	Refunds	Investment ^a Service Charges	Total
1979	\$ 75,816,411	\$1,638,249	\$22,299,715	\$ -	\$ 99,754,375
1980	93,070,785	1,949,677	23,622,097	-	118,642,559
1981	110,326,981	1,957,444	26,064,020	-	138,348,445
1982	133,439,630	2,277,243	24,669,634	-	160,386,507
1983	155,741,231	2,580,288	25,256,736	-	183,578,255
1984	177,987,513	2,755,608	30,010,539	-	210,753,660
1985	206,806,311	2,905,072	30,630,293	-	240,341,676
1986	237,541,337	3,648,201	27,576,732	-	268,766,270
1987	274,081,008	4,406,503	29,308,143	20,951,932	328,747,586
1988	304,291,149	6,128,908	25,520,682	23,437,634	359,378,373

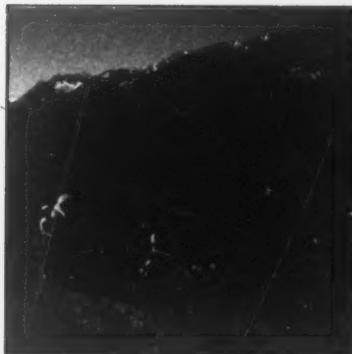
^aPrior to 1987, investment service charges were netted against investment income.

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Combining and Individual Fund and Account Group Statements and Schedules

Smith Rock
Madras, Oregon

Wallowa Lake
Wallowa County



Hiking in Green Lakes Basin
In Central Oregon

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General Fund

The General Fund accounts for ordinary operations financed by appropriations from general revenues and used for general governmental purposes.

State of Oregon

**BALANCE SHEET
GENERAL FUND
JUNE 30, 1989
(Expressed in Thousands)**

	<u>JUNE 30</u>	
	<u>1989</u>	<u>1988</u>
<u>ASSETS</u>		
Cash and Investments	\$235,919	\$120,521
Receivables	12,097	19,195
Interfund Receivables	224,713	98,334
Taxes Receivable	193,894	135,398
Inventories	12,711	11,671
Prepaid Expenses	26	37
Advances to Other Funds	<u>56,076</u>	<u>56,229</u>
Total Assets	<u>\$735,436</u>	<u>\$441,386</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts and Interest Payable	\$358,020	\$159,161
Interfund Payables	76,050	53,669
Due to Other Governments	3,163	4,502
Advances from Other Funds	13,488	13,413
Vacation Payable	5,048	4,016
Deferred Income	<u>120,776</u>	<u>78,355</u>
Total Liabilities	<u>576,545</u>	<u>313,116</u>
Fund Balances:		
Reserved for Encumbrances	-	30,195
Reserved for Inventories	12,711	11,671
Reserved for Revolving Accounts	1	-
Reserved for Advances to Other Funds	53,220	56,229
Reserved - Other	26	38
Unreserved, Undesignated	<u>92,933</u>	<u>30,137</u>
Total Fund Balances	<u>158,891</u>	<u>128,270</u>
Total Liabilities and Fund Balances	<u>\$735,436</u>	<u>\$441,386</u>

Prepared without audit.

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1989
(Expressed in Thousands)**

	<u>FISCAL YEAR ENDED JUNE 30</u>	
	<u>1989</u>	<u>1988</u>
<u>Revenues:</u>		
Taxes	\$1,848,957	\$1,780,600
Licenses and Fees	18,705	17,119
Federal Revenues	59	59
Charges for Services	2,889	2,713
Fines and Forfeitures	12,494	11,748
Rents and Royalties	118	130
Interest and Investment Income	27,682	32,480
Sales Income	2,261	2,131
Other Revenues	<u>3,640</u>	<u>2,521</u>
Total Revenues	<u>1,916,805</u>	<u>1,849,501</u>
<u>Expenditures:</u>		
Economic Development	26,265	19,688
Education	123,004	109,906
Human Resources	528,403	467,649
Natural Resources	27,991	27,867
Public Safety	60,825	60,348
Transportation	4,545	4,606
Administrative & Support Services	49,098	44,565
Legislative	20,270	11,415
Judicial	<u>94,906</u>	<u>85,993</u>
Total Expenditures	<u>935,307</u>	<u>832,037</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>981,498</u>	<u>1,017,464</u>
<u>Other Financing Sources (Uses):</u>		
Operating Transfers-in	29,992	28,742
Operating Transfers-out	(960,052)	(958,956)
Loan Repayments	224	(868)
Leases Incurred	3,359	277
Extraordinary Gain (Loss)	<u>-</u>	<u>(68,840)</u>
Total Other Financing Sources (Uses)	<u>(926,477)</u>	<u>(999,645)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>55,021</u>	<u>17,819</u>
Fund Balances - Beginning	128,270	111,270
Prior Period Adjustments	<u>(22,419)</u>	<u>-</u>
Fund Balances - Beginning - As Restated	105,851	111,270
Increase (Decrease) in Reserves:		
Inventories	1,040	42
Advances to Other Funds	(3,009)	(870)
Other	<u>7 (12)</u>	<u>9</u>
Fund Balances - Ending	<u>\$ 158,891</u>	<u>\$ 128,270</u>

Prepared without audit.

State of Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND FOR THE BIENNIUM ENDED JUNE 30, 1989 (Expressed in Thousands)

	1987-89 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Revenues:</u>				
Taxes	\$3,400,110	\$1,590,378	\$2,023,050	\$213,318
Licenses and Fees	37,668	17,119	18,705	(1,844)
Federal Revenues	-	59	59	118
Charges for Services	5,571	2,677	2,889	(5)
Fines and Forfeitures	24,750	12,115	12,494	(141)
Rents and Royalties	-	130	118	248
Interest and Investment Income	51,000	32,480	27,682	9,162
Sales Income	3,480	2,131	2,261	912
Other Revenues	6,773	2,447	3,637	(689)
Total Revenues	<u>3,529,352</u>	<u>1,659,536</u>	<u>2,090,895</u>	<u>221,079</u>
<u>Expenditures:</u>				
Economic Development	39,886	19,692	20,169	25
Education	1,274,716	615,148	659,544	24
Human Resources	1,107,706	546,919	557,362	3,425
Natural Resources	74,963	45,755	28,634	574
Public Safety	122,093	61,280	60,798	15
Transportation	9,145	4,599	4,545	1
Administrative & Support Services	250,809	122,771	124,002	4,036
Legislative	31,210	11,311	19,127	772
Judicial	177,116	85,923	93,161	(1,968)
Total Expenditures	<u>3,087,644</u>	<u>1,513,398</u>	<u>1,567,342</u>	<u>6,904</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	441,708	146,138	523,553	227,983
<u>Other Financing Sources (Uses):</u>				
Operating Transfers-in	60,924	28,742	29,992	(2,190)
Operating Transfers-out	(659,601)	(273,282)	(318,566)	67,753
Loan Repayments	-	-	298	298
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (156,969)</u>	<u>(98,402)</u>	<u>235,277</u>	<u>\$293,844</u>
Fund Balances - Beginning		111,270	128,270	
Transactions Recorded During the Year But Charged to Prior Biennia:				
Revenues		(1,749)	(856)	
Expenditures		(6,568)	(86)	
Extraordinary Gain (Loss)		(68,840)	-	
Increase (Decrease) in Reserves:				
Inventories		42	1,040	
Advances to Other Funds		(870)	(3,009)	
Other		9	(2)	
GAAP Reclassification of Fund Equity		193,378	(179,314)	
Prior Period Adjustments		-	(22,419)	
Fund Balances - Ending		<u>\$ 128,270</u>	<u>\$ 158,891</u>	

Prepared without audit.

Special Revenue Funds

Special Revenue Funds account for the proceeds of special revenue sources or to finance specified activities as required by law or administrative regulations.

State of Oregon

**COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 1989
(Expressed in Thousands)**

	ECON. DEV. & CONSUMER SERVICES	EDUCATION	HUMAN RESOURCES	NATURAL RESOURCES
ASSETS				
Cash and Investments	\$210,668	\$11,780	\$ 49,919	\$48,803
Cash and Securities Held in Trust	100	-	-	-
Receivables	58,728	17,438	79,540	14,436
Interfund Receivables	7,882	9,610	11,675	8,800
Taxes Receivable	-	-	-	-
Inventories	1,324	875	1,387	7,177
Prepaid Expenses and Deferred Charges	25	-	7	9
Contracts, Mortgages, and Notes Receivable	2,200	-	267	2,267
Advances to Other Funds	-	-	-	271
Total Assets	\$280,927	\$39,703	\$142,795	\$81,763
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and Interest Payable	\$ 32,369	\$ 1,771	\$ 55,914	\$15,138
Interfund Payables	2,259	674	58,024	1,968
Due to Other Governments	154	23,625	632	6,147
Trust Funds Payable	101	4	75	157
Advances from Other Funds	-	-	-	-
Vacation Payable	806	136	2,017	687
Deferred Income	2,297	141	11,028	6,299
Total Liabilities	37,986	26,351	127,690	30,396
Fund Balances:				
Reserved for Encumbrances	-	-	-	-
Reserved for Inventories	1,324	875	1,387	7,177
Reserved for Revolving Accounts	205	10	324	251
Reserved for Loans Receivable	-	-	-	-
Reserved for Advances to Other Funds	-	-	-	271
Reserved - Other	25	-	7	8
Unreserved, Undesignated	241,387	12,467	13,387	43,660
Total Fund Balances	242,941	13,352	15,105	51,367
Total Liabilities and Fund Balances	\$280,927	\$39,703	\$142,795	\$81,763

PUBLIC SAFETY	TRANSPORTATION	ADMIN. & SUPPORT SERVICES	LEGISLATIVE	JUDICIAL	JUNE 30	
					1989	1988
\$3,450	\$135,621	\$ 66,524	\$1,377	\$ 1,431	\$529,573	\$475,183
-	4,267	-	-	-	4,367	5,549
1,217	27,053	2,638	52	18	201,120	205,250
926	920	16,209	-	3	56,025	54,674
-	19,954	3,905	-	-	23,859	-
256	20,352	63	205	-	31,639	32,738
-	-	-	-	-	41	51
-	9,197	95,762	-	18,239	127,932	118,718
-	650	-	-	-	921	658
<u>\$5,849</u>	<u>\$218,014</u>	<u>\$185,101</u>	<u>\$1,634</u>	<u>\$19,691</u>	<u>\$975,477</u>	<u>\$892,821</u>
\$3,282	\$ 44,009	\$ 1,008	\$ 70	\$ 3	\$153,564	\$121,334
80	3,477	48,027	-	449	114,958	72,273
-	6,126	10,676	-	809	48,169	57,400
-	4,279	777	6	-	5,399	11,300
4	-	50,981	138	-	51,123	51,215
279	2,678	91	1	-	6,695	5,212
<u>3</u>	<u>14,388</u>	<u>110</u>	<u>-</u>	<u>18,239</u>	<u>52,505</u>	<u>45,844</u>
<u>3,648</u>	<u>74,957</u>	<u>111,670</u>	<u>215</u>	<u>19,500</u>	<u>432,413</u>	<u>364,578</u>
-	-	-	-	-	-	4,094
256	20,352	63	205	-	31,639	32,738
206	47	-	3	12	1,058	1,210
-	-	95,684	-	-	95,684	89,248
-	650	-	-	-	921	658
-	-	-	-	-	40	45
<u>1,739</u>	<u>122,008</u>	<u>(22,316)</u>	<u>1,211</u>	<u>179</u>	<u>413,722</u>	<u>400,250</u>
<u>2,201</u>	<u>143,057</u>	<u>73,431</u>	<u>1,419</u>	<u>191</u>	<u>543,064</u>	<u>528,243</u>
<u>\$5,849</u>	<u>\$218,014</u>	<u>\$185,101</u>	<u>\$1,634</u>	<u>\$19,691</u>	<u>\$975,477</u>	<u>\$892,821</u>

Prepared without audit.

State of Oregon

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1989
(Expressed in Thousands)**

	ECONOMIC DEV. & CONSUMER SERV	EDUCATION	HUMAN RESOURCES	NATURAL RESOURCES
<u>Revenues:</u>				
Taxes	\$259,692	\$ -	\$ -	\$ 7,165
Licenses and Fees	22,141	586	7,314	33,212
Federal Revenues	65,356	125,859	648,629	36,204
Charges for Services	6,919	5,599	19,873	7,515
Fines and Forfeitures	1,543	-	1,794	124
Rents and Royalties	(29)	64	76	117
Interest and Investment Income	15,648	593	1,008	487
Sales Income	2,511	1,518	4,001	32,610
Other Revenues	<u>1,832</u>	<u>4,068</u>	<u>8,646</u>	<u>11,941</u>
Total Revenues	<u>375,613</u>	<u>138,287</u>	<u>691,341</u>	<u>129,375</u>
<u>Expenditures:</u>				
Economic Development	235,556	-	-	-
Education	-	667,925	-	-
Human Resources	-	-	725,570	-
Natural Resources	-	-	-	127,713
Public Safety	-	-	-	-
Transportation	-	-	-	-
Administrative & Support Services	-	-	-	-
Legislative	-	-	-	-
Judicial	-	-	-	-
Total Expenditures	<u>235,556</u>	<u>667,925</u>	<u>725,570</u>	<u>127,713</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>140,057</u>	<u>(529,638)</u>	<u>(34,229)</u>	<u>1,662</u>
<u>Other Financing Sources (Uses):</u>				
Operating Transfers-in	25,391	531,719	30,922	9,622
Operating Transfers-out	(130,382)	(6,246)	(14,574)	(7,471)
Loan Repayments	1	4,157	-	81
Loan Proceeds	-	-	-	-
Leases Incurred	-	-	170	595
Total Other Financing Sources (Uses)	<u>(104,990)</u>	<u>529,630</u>	<u>16,518</u>	<u>2,827</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>35,067</u>	<u>(8)</u>	<u>(17,711)</u>	<u>4,489</u>
Fund Balances - Beginning	208,573	13,187	35,215	47,474
Prior Period Adjustments	<u>(332)</u>	<u>-</u>	<u>(2,680)</u>	<u>(1,367)</u>
Fund Balances - Beginning - As Restated	208,241	13,187	32,535	46,107
Increase (Decrease) in Reserves:				
Inventories	-	-	317	515
Revolving Accounts	(14)	-	(35)	-
Loans Receivable	(120)	-	-	-
Advances to Other Funds	-	(2)	-	263
Other	5	175	(1)	(7)
Residual Equity Transfers-in	-	-	-	-
Residual Equity Transfers-out	<u>(238)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$242,941</u>	<u>\$ 13,352</u>	<u>\$ 15,105</u>	<u>\$ 51,367</u>

PUBLIC SAFETY	TRANSPOR- TATION	ADMIN. & SUPPORT SERVICES	LEGISLATIVE	JUDICIAL	FISCAL YEAR ENDED JUNE 30	
					1999	1998
\$ -	\$211,762	\$ 30,985	\$ -	\$ -	\$ 509,604	\$ 456,482
628	84,880	1,586	-	3,725	154,072	150,944
8,339	161,952	154,452	-	-	1,200,791	1,077,856
2,234	12,916	6,536	13	-	61,605	109,454
634	13	18	6	9,444	13,576	12,537
419	1,650	-	434	-	2,731	3,189
3	11,767	2,081	-	-	31,587	22,503
241	4,228	81	538	104	45,832	39,290
252	(258)	3,988	35	56	30,560	29,342
<u>12,750</u>	<u>488,910</u>	<u>199,727</u>	<u>1,026</u>	<u>13,329</u>	<u>2,050,358</u>	<u>1,901,597</u>
-	-	-	-	-	235,556	218,009
-	-	-	-	-	667,925	638,068
-	-	-	-	-	725,570	605,576
-	-	-	-	-	127,713	124,001
24,702	-	-	-	-	24,702	21,575
-	594,422	-	-	-	594,422	549,626
-	-	278,500	-	-	278,500	265,507
-	-	-	1,261	-	1,261	1,494
-	-	-	-	8,772	8,772	7,833
<u>24,702</u>	<u>594,422</u>	<u>278,500</u>	<u>1,261</u>	<u>8,772</u>	<u>2,664,421</u>	<u>2,431,689</u>
(11,952)	(105,512)	(78,773)	(235)	4,557	(614,063)	(530,092)
11,756	134,777	183,729	-	-	927,916	839,948
(971)	(22,982)	(130,183)	(66)	(4,503)	(317,378)	(221,170)
-	43	11,528	-	-	15,767	92,189
-	-	-	-	-	43	158
136	-	-	-	-	901	177
<u>10,921</u>	<u>111,838</u>	<u>65,074</u>	<u>(66)</u>	<u>(4,503)</u>	<u>627,249</u>	<u>711,302</u>
(1,031)	6,326	(13,699)	(301)	54	13,186	181,210
2,991	138,162	80,716	1,788	137	528,243	328,450
-	827	(17)	-	-	(3,569)	135
2,991	138,989	80,699	1,788	137	524,674	328,585
241	(2,258)	(4)	(71)	-	(1,260)	4,728
-	-	-	3	-	(46)	(752)
-	-	6,435	-	-	6,315	13,552
-	-	-	-	-	261	(171)
-	-	-	-	-	172	(6)
-	-	-	-	-	-	1,607
-	-	-	-	-	(238)	(510)
<u>\$ 2,201</u>	<u>\$143,057</u>	<u>\$ 73,431</u>	<u>\$1,419</u>	<u>\$ 191</u>	<u>\$ 543,064</u>	<u>\$ 528,243</u>

Prepared without audit.

State of Oregon

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1989
(Expressed in Thousands)**

	1987-89 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Revenues:</u>				
Taxes	\$ 747,376	\$ 393,120	\$ 440,956	\$ 86,700
Licenses and Fees	266,168	144,780	149,446	28,058
Federal Revenues	1,875,197	915,050	1,024,726	64,579
Charges for Services	120,739	107,775	61,276	48,312
Fines and Forfeitures	4,568	3,709	3,981	3,122
Rents and Royalties	4,847	3,180	2,731	1,064
Interest and Investment Income	20,744	14,268	21,498	15,022
Sales Income	60,510	37,079	43,279	19,848
Other Revenues	61,131	25,748	24,112	(11,271)
Total Revenues	<u>3,161,280</u>	<u>1,644,709</u>	<u>1,772,005</u>	<u>255,434</u>
<u>Expenditures:</u>				
Economic Development	305,310	119,626	139,435	46,249
Education	275,001	130,907	134,970	9,124
Human Resources	1,367,098	616,226	719,873	30,999
Natural Resources	251,731	111,596	110,285	29,850
Public Safety	43,990	17,591	20,753	5,646
Transportation	890,400	428,476	474,920	(12,996)
Administrative & Support Services	30,639	4,385	17,976	8,278
Legislative	3,252	530	943	1,779
Judicial	195	39	49	107
Total Expenditures	<u>3,167,616</u>	<u>1,429,376</u>	<u>1,619,204</u>	<u>119,036</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,336)	215,333	152,801	374,470
<u>Other Financing Sources (Uses):</u>				
Operating Transfers-in	1,209,615	731,694	687,086	209,165
Operating Transfers-out	(879,411)	(592,805)	(628,849)	(342,243)
Transfers-out - Other	(145,523)	(86,809)	(55,364)	3,350
Transfers to Cities and Counties	(297,109)	(146,815)	(173,673)	(23,379)
Loan Repayments	16,252	12,933	15,764	12,445
Bond Proceeds	65,000	76,353	138	11,491
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (37,512)</u>	209,884	(2,097)	<u>\$245,299</u>
Fund Balances - Beginning		328,450	528,243	
Transactions Recorded During the Year But Charged to Prior Biennia:				
Revenues		(4,064)	(6,579)	
Expenditures		8,100	(175)	
Activity not Subject to Budgetary Guidelines:				
Revenues		777,567	856,393	
Expenditures		(800,650)	(833,117)	
Increase (Decrease) in Reserves:				
Inventories		4,728	(1,260)	
Revolving Accounts		(752)	(46)	
Loans Receivable		13,552	6,315	
Advances to Other Funds		(171)	251	
Other		(6)	172	
GAAP Reclassification of Fund Equity		(9,627)	(1,239)	
Prior Period Adjustments		135	(3,569)	
Residual Equity Transfers-in		1,607	-	
Residual Equity Transfers-out		(510)	(238)	
Fund Balances - Ending		<u>\$ 528,243</u>	<u>\$ 543,064</u>	

Prepared without audit.

Debt Service Funds

Debt Service Funds account for the accumulation of resources for and the payment of interest and principal on long-term debt .

State of Oregon

**COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 1989
(Expressed in Thousands)**

	BOND ISSUE				JUNE 30	
	CUSTODIAL SECRETARY OF STATE	COMMUNITY COLLEGE & ED. CENTER	OREGON POLLUTION CONTROL	OREGON STATE HIGHWAY	1989	1988
ASSETS						
Cash and Investments	\$ -	\$135	\$93,704	\$4,809	\$98,648	\$106,180
Receivables	-	3	2,060	249	2,312	3,205
Interfund Receivables	-	-	-	-	-	248
Contracts, Mortgages, and Notes Receivable	<u>15</u>	<u>-</u>	<u>4,351</u>	<u>-</u>	<u>4,366</u>	<u>4,850</u>
Total Assets	<u>\$15</u>	<u>\$138</u>	<u>\$100,115</u>	<u>\$5,058</u>	<u>\$105,326</u>	<u>\$114,483</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ -	\$ 2	\$ 7	\$ -	\$ 9	\$ 258
Interfund Payables	-	-	3	-	3	-
Advances from General Fund	15	-	-	-	15	106
Matured Bonds and Coupons Payable	<u>-</u>	<u>135</u>	<u>483</u>	<u>118</u>	<u>736</u>	<u>479</u>
Total Liabilities	<u>15</u>	<u>137</u>	<u>493</u>	<u>118</u>	<u>763</u>	<u>843</u>
Fund Balances:						
Reserved for Loans Receivable	15	-	4,351	-	4,366	4,850
Reserved for Debt Service	<u>(15)</u>	<u>1</u>	<u>95,271</u>	<u>4,940</u>	<u>100,197</u>	<u>108,790</u>
Total Fund Balances	<u>-</u>	<u>1</u>	<u>99,622</u>	<u>4,940</u>	<u>104,563</u>	<u>113,640</u>
Total Liabilities and Fund Balances	<u>\$15</u>	<u>\$138</u>	<u>\$100,115</u>	<u>\$5,058</u>	<u>\$105,326</u>	<u>\$114,483</u>

Prepared without audit.

State of Oregon

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1989
(Expressed in Thousands)**

	BOND ISSUE				FISCAL YEAR ENDED	
	CUSTODIAL SECRETARY OF STATE	COMMUNITY COLLEGE & ED. CENTER	OREGON POLLUTION CONTROL	OREGON STATE HIGHWAY	JUNE 30 1989	1988
<u>Revenues:</u>						
Interest Income	\$ -	\$ 10	\$ 7,905	\$ 2,036	\$ 9,951	\$ 11,067
Total Revenues	-	10	7,905	2,036	9,951	11,067
<u>Expenditures:</u>						
Debt Service						
Principal	-	1,690	9,750	9,280	20,720	14,000
Interest	-	1,316	7,436	6,866	15,618	13,963
Other	25	2	7	5	39	-
Total Expenditures	25	3,008	17,193	16,151	36,377	27,963
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25)	(2,998)	(9,288)	(14,115)	(26,426)	(16,896)
<u>Other Financing Sources (Uses):</u>						
Operating Transfers-in	-	2,992	-	15,198	18,190	12,729
Operating Transfers-out	-	-	(39)	-	(39)	(50)
Loan Repayments	116	-	393	-	509	693
Total Other Financing Sources (Uses)	116	2,992	354	15,198	18,660	13,372
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	91	(6)	(8,934)	1,083	(7,766)	(3,524)
Fund Balances - Beginning	-	7	108,949	4,684	113,640	118,283
Prior Period Adjustments	-	-	-	(827)	(827)	(426)
Fund Balances - Beginning - As Restated	-	7	108,949	3,857	112,813	117,857
Increase (Decrease) in Reserves:						
Loans Receivable	(91)	-	(393)	-	(484)	(693)
Fund Balances - Ending	\$ -	\$ 1	\$ 99,622	\$ 4,940	\$ 104,563	\$ 113,640

Prepared without audit.

State of Oregon

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1989
(Expressed in Thousands)**

	1987-89 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Revenues:</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
<u>Expenditures:</u>				
Debt Service	6,625	3,242	3,008	375
Total Expenditures	6,625	3,242	3,008	375
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,625)	(3,242)	(3,008)	375
<u>Other Financing Sources (Uses):</u>				
Operating Transfers-in	6,625	3,242	2,992	(391)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	-	(16)	\$ (16)
Fund Balances - Beginning		118,283	113,640	
Transactions Recorded During the Year But Charged to Prior Biennia: Revenues		-	308	
Activity not Subject to Budgetary Guidelines:				
Revenues		21,197	25,335	
Expenditures		(24,818)	(33,484)	
Increase (Decrease) in Reserves:				
Loans Receivable		(693)	(484)	
GAAP Reclassification of Fund Equity		97	91	
Prior Period Adjustments		(426)	(827)	
Fund Balances - Ending		<u>\$113,640</u>	<u>\$104,563</u>	

Prepared without audit.

Capital Projects Funds

Capital Projects Funds account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by Proprietary and Trust Funds.

State of Oregon

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 1989
(Expressed in Thousands)**

	ECON. DEV. & CONSUMER SERVICES	EDUCATION	HUMAN RESOURCES	NATURAL RESOURCES
ASSETS				
Cash and Investments	\$70	\$ 1	\$ 96	\$154
Receivables	-	73	1	-
Interfund Receivables	-	158	31,835	523
Prepaid Expenses	-	-	-	44
Contracts, Mortgages, and Notes Receivable	-	-	-	-
Total Assets	<u>\$70</u>	<u>\$232</u>	<u>\$31,932</u>	<u>\$721</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$19	\$158	\$ 1,434	\$196
Interfund Payables	-	74	-	468
Deferred Income	-	-	-	6
Total Liabilities	<u>19</u>	<u>232</u>	<u>1,434</u>	<u>670</u>
Fund Balances:				
Reserved for Loans Receivable	-	-	-	-
Reserved - Other	-	-	-	44
Unreserved, Undesignated	<u>51</u>	<u>-</u>	<u>30,498</u>	<u>7</u>
Total Fund Balances	<u>51</u>	<u>-</u>	<u>30,498</u>	<u>51</u>
Total Liabilities and Fund Balances	<u>\$70</u>	<u>\$232</u>	<u>\$31,932</u>	<u>\$721</u>

PUBLIC SAFETY	TRANSPORTATION	ADMIN. & SUPPORT SERVICES	LEGISLATIVE	JUDICIAL	JUNE 30	
					1989	1988
\$ 2	\$ -	\$ -	\$ 12	\$ -	\$ 335	\$ 247
5	64	-	-	-	143	221
72	41	23	89	-	32,741	1,536
-	-	-	-	-	44	-
<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38</u>	<u>38</u>
<u>\$117</u>	<u>\$105</u>	<u>\$23</u>	<u>\$101</u>	<u>\$ -</u>	<u>\$33,301</u>	<u>\$2,042</u>
\$ 74	\$ 83	\$23	\$ 99	\$ -	\$ 2,086	\$1,578
-	22	-	-	-	564	212
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>-</u>
<u>74</u>	<u>105</u>	<u>23</u>	<u>99</u>	<u>-</u>	<u>2,656</u>	<u>1,790</u>
38	-	-	-	-	38	38
-	-	-	-	-	44	-
<u>5</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>30,563</u>	<u>214</u>
<u>43</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>30,645</u>	<u>252</u>
<u>\$117</u>	<u>\$105</u>	<u>\$23</u>	<u>\$101</u>	<u>\$ -</u>	<u>\$33,301</u>	<u>\$2,042</u>

Prepared without audit.

State of Oregon

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1989
(Expressed in Thousands)**

	ECONOMIC DEV. & CONSUMER SERV	EDUCATION	HUMAN RESOURCES	NATURAL RESOURCES
<u>Revenues:</u>				
Federal Revenues	\$ -	\$ 79	\$ -	\$1,303
Charges for Services	-	-	11	-
Rents and Royalties	-	-	-	-
Interest Income	-	-	-	-
Other Revenues	<u>5</u>	<u>18</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>5</u>	<u>97</u>	<u>11</u>	<u>1,303</u>
<u>Expenditures:</u>				
Capital Outlay	<u>23</u>	<u>718</u>	<u>14,476</u>	<u>2,045</u>
Total Expenditures	<u>23</u>	<u>718</u>	<u>14,476</u>	<u>2,045</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(18)</u>	<u>(621)</u>	<u>(14,465)</u>	<u>(742)</u>
<u>Other Financing Sources (Uses):</u>				
Operating Transfers-in	69	621	44,754	749
Operating Transfers-out	-	-	-	-
Loan Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>69</u>	<u>621</u>	<u>44,754</u>	<u>749</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>51</u>	<u>-</u>	<u>30,289</u>	<u>7</u>
Fund Balances - Beginning	-	-	209	-
Prior Period Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Beginning - As Restated	-	-	209	-
Increase (Decrease) in Reserves: Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>44</u>
Fund Balances - Ending	<u>\$ 51</u>	<u>\$ -</u>	<u>\$30,498</u>	<u>\$ 51</u>

PUBLIC SAFETY	TRANSPOR- TATION	ADMIN. & SUPPORT SERVICES	LEGISLATIVE	JUDICIAL	FISCAL YEAR ENDED JUNE 30	
					1989	1988
\$ 76	\$ 64	\$ -	\$ -	\$ -	\$ 1,522	\$ 589
-	-	-	-	-	11	-
3	-	-	-	-	3	-
2	-	-	-	-	2	2
<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>87</u>
<u>83</u>	<u>64</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,563</u>	<u>678</u>
<u>1,839</u>	<u>650</u>	<u>34</u>	<u>974</u>	<u>225</u>	<u>20,984</u>	<u>15,502</u>
<u>1,839</u>	<u>650</u>	<u>34</u>	<u>974</u>	<u>225</u>	<u>20,984</u>	<u>15,502</u>
<u>(1,756)</u>	<u>(586)</u>	<u>(34)</u>	<u>(974)</u>	<u>(225)</u>	<u>(19,421)</u>	<u>(14,824)</u>
1,758	630	34	974	225	49,814	13,898
-	(44)	-	-	-	(44)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>622</u>
<u>1,758</u>	<u>586</u>	<u>34</u>	<u>974</u>	<u>225</u>	<u>49,770</u>	<u>14,520</u>
<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,349</u>	<u>(304)</u>
41	-	-	2	-	252	561
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
41	-	-	2	-	252	556
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44</u>	<u>-</u>
<u>\$ 43</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$30,645</u>	<u>\$ 252</u>

Prepared without audit.

State of Oregon

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUNDS
FOR THE BIENNIUM ENDED JUNE 30, 1989
(Expressed in Thousands)**

	1987-89 BUDGET	1ST YEAR ACTUALS	2ND YEAR ACTUALS	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Revenues:</u>				
Federal Revenues	\$ 8,546	\$ 30	\$ 1,464	\$(7,052)
Charges for Services	133	1	11	(121)
Rents and Royalties	23	-	3	(20)
Other Revenues	<u>124</u>	<u>26</u>	<u>35</u>	<u>(63)</u>
Total Revenues	<u>8,826</u>	<u>57</u>	<u>1,513</u>	<u>(7,256)</u>
<u>Expenditures:</u>				
Capital Outlay	<u>83,287</u>	<u>13,402</u>	<u>25,556</u>	<u>44,329</u>
Total Expenditures	<u>83,287</u>	<u>13,402</u>	<u>25,556</u>	<u>44,329</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(74,461)	(13,345)	(24,043)	37,073
<u>Other Financing Sources (Uses):</u>				
Operating Transfers-in	76,311	11,168	50,741	(14,402)
Operating Transfers-out	(21,250)	(454)	-	20,796
Loan Proceeds	<u>354</u>	<u>75</u>	<u>(98)</u>	<u>(377)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$(19,046)</u>	(2,556)	26,600	<u>\$43,090</u>
Fund Balances - Beginning		561	252	
Transactions Recorded During the Year But Charged to Prior Biennia:				
Revenues		7,978	1,428	
Expenditures		(4,921)	(1,742)	
Activity not Subject to Budgetary Guidelines:				
Revenues		3	42	
Expenditures		(3)	(90)	
Increase (Decrease) in Reserves:				
Other		-	44	
GAAP Reclassification of Fund Equity		(805)	4,111	
Prior Period Adjustments		<u>(5)</u>	<u>-</u>	
Fund Balances - Ending		<u>\$ 252</u>	<u>\$30,645</u>	

Prepared without audit.

Enterprise Funds

Enterprise Funds account for the provision of goods and services to the general public where all or most of the costs involved are paid in the form of charges by the users of such services.

State of Oregon

**COMBINING BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 1989
(Expressed in Thousands)**

<u>ASSETS</u>	<u>HOUSING</u>	<u>VETERANS' AFFAIRS</u>	<u>STATE HOSPITALS</u>	<u>STATE LOTTERY</u>
Current Assets:				
Cash and Investments	\$ 38,878	\$ 687,990	\$ -	\$12,809
Receivables	6,107	102,560	21,987	5,741
Interfund Receivables	104	19	11,878	-
Inventories	6	78	3,995	618
Prepaid Expenses	11	-	1	122
Advances to Other Funds	-	11,474	-	-
Foreclosed and Deeded Property	<u>4,578</u>	<u>18,592</u>	<u>-</u>	<u>-</u>
Total Current Assets	<u>49,684</u>	<u>820,713</u>	<u>37,861</u>	<u>19,290</u>
Total Fixed Assets	<u>47</u>	<u>7,243</u>	<u>20,500</u>	<u>1,512</u>
Other Assets:				
Restricted Assets-Cash and Investments	170,469	618,996	-	6,008
Interest Receivable-Long-Term	-	-	-	-
Contracts, Mortgages, and Notes Receivable	423,688	3,991,475	-	-
Advances to Other Funds	-	-	-	-
Deferred Charges	<u>8,631</u>	<u>779</u>	<u>-</u>	<u>-</u>
Total Other Assets	<u>602,788</u>	<u>4,611,250</u>	<u>-</u>	<u>6,008</u>
Total Assets	<u>\$652,519</u>	<u>\$5,439,206</u>	<u>\$58,361</u>	<u>\$26,810</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Current Liabilities:				
Accounts and Interest Payable	\$ 21,188	\$ 122,390	\$ 7,357	\$ 7,106
Interfund Payables	-	-	17,542	13,202
Due to Other Governments	-	-	-	-
Claim Loss Liability	-	-	-	-
Matured Bonds and Coupons Payable	481	9,638	-	-
Bonds Payable-Current	39,420	234,840	-	-
Notes Payable	-	135,000	-	-
Vacation Payable-Current	58	453	1,376	174
Deferred Income	-	-	-	<u>2,343</u>
Total Current Liabilities	<u>61,147</u>	<u>502,321</u>	<u>26,275</u>	<u>22,825</u>
Long-Term Liabilities:				
Contracts, Mortgages, and Notes Payable	-	29	615	5,374
Obligations Under Capital Lease	-	-	-	-
Advances from Other Funds	2,856	-	1,193	-
Bonds Payable-Noncurrent	536,826	4,958,702	-	-
Vacation Payable-Noncurrent	-	-	3,544	-
Claim Loss Liability	-	-	-	-
Total Long-Term Liabilities	<u>539,682</u>	<u>4,958,731</u>	<u>5,352</u>	<u>5,374</u>
Total Liabilities	<u>600,829</u>	<u>5,461,052</u>	<u>31,627</u>	<u>28,199</u>
Fund Equity:				
Contributed Capital	100	-	578	-
Unrealized Gain on Investments	-	-	-	-
Retained Earnings-Unreserved	<u>51,590</u>	<u>(21,846)</u>	<u>26,156</u>	<u>(1,389)</u>
Total Fund Equity	<u>51,690</u>	<u>(21,846)</u>	<u>26,734</u>	<u>(1,389)</u>
Total Liabilities and Fund Equity	<u>\$652,519</u>	<u>\$5,439,206</u>	<u>\$58,361</u>	<u>\$26,810</u>

LIQUOR COMMISSION	ENERGY	WATER RESOURCES	ECONOMIC DEVELOPMENT	STATE ACC. INSURANCE	OTHER ENTERPRISE	JUNE 30	
						1989	1988
\$16,898	\$ 49,213	\$ 2,287	\$28,228	\$1,206,219	\$ 7,451	\$2,049,973	\$1,929,503
467	1,350	108	735	182,605	431	322,091	263,175
-	-	-	1,873	-	294	14,168	17,751
16,124	-	-	-	-	4,510	25,331	25,465
39	-	-	-	-	6	179	597
-	-	-	-	-	-	11,474	-
-	-	159	-	-	-	23,329	39,805
<u>33,528</u>	<u>50,563</u>	<u>2,554</u>	<u>30,836</u>	<u>1,388,824</u>	<u>12,692</u>	<u>2,446,545</u>	<u>2,276,296</u>
<u>3,962</u>	<u>21</u>	<u>9</u>	<u>56</u>	<u>14,435</u>	<u>13,495</u>	<u>61,280</u>	<u>59,305</u>
-	8,006	3,683	-	-	-	807,162	830,790
-	-	-	-	-	-	-	57,366
122	129,646	13,716	16,487	-	5,476	4,580,610	4,813,817
-	8,170	-	-	-	-	8,170	19,385
-	-	-	-	-	271	9,681	32,578
<u>122</u>	<u>145,822</u>	<u>17,399</u>	<u>16,487</u>	<u>-</u>	<u>5,747</u>	<u>5,405,623</u>	<u>5,753,936</u>
<u>\$37,612</u>	<u>\$196,406</u>	<u>\$19,962</u>	<u>\$47,379</u>	<u>\$1,403,259</u>	<u>\$31,934</u>	<u>\$7,913,448</u>	<u>\$8,089,537</u>
\$ 8,489	\$ 7,332	\$ 287	\$ 1,059	\$ 31,038	\$ 1,094	\$ 207,340	\$ 197,273
5,726	-	-	56	-	191	36,717	35,657
2,479	24,021	-	-	-	-	26,500	52,671
-	-	-	-	-	-	-	70,069
-	20	74	-	-	-	10,213	9,731
-	5,030	1,289	-	-	190	280,769	277,474
-	-	-	-	-	-	135,000	170,000
149	5	1	11	1,523	29	3,779	2,435
<u>474</u>	<u>-</u>	<u>99</u>	<u>2</u>	<u>68,598</u>	<u>567</u>	<u>72,083</u>	<u>3,656</u>
<u>17,317</u>	<u>36,408</u>	<u>1,750</u>	<u>1,128</u>	<u>101,159</u>	<u>2,071</u>	<u>772,401</u>	<u>818,966</u>
-	-	-	-	-	-	6,018	385
-	-	-	-	-	7	7	-
-	-	-	2,225	-	18	6,292	5,493
-	160,172	19,510	-	-	6,074	5,681,284	5,913,900
266	15	3	42	-	89	3,959	5,422
-	-	-	-	1,120,953	-	1,120,953	1,015,963
<u>266</u>	<u>160,187</u>	<u>19,513</u>	<u>2,267</u>	<u>1,120,953</u>	<u>6,188</u>	<u>6,818,513</u>	<u>6,941,163</u>
<u>17,583</u>	<u>196,155</u>	<u>21,263</u>	<u>3,395</u>	<u>1,222,112</u>	<u>8,259</u>	<u>7,590,914</u>	<u>7,760,129</u>
-	-	-	856	-	10,019	11,553	9,011
-	-	-	-	14,291	-	14,291	9,982
<u>20,029</u>	<u>(189)</u>	<u>(1,301)</u>	<u>43,128</u>	<u>166,856</u>	<u>13,656</u>	<u>296,690</u>	<u>310,415</u>
<u>20,029</u>	<u>(189)</u>	<u>(1,301)</u>	<u>43,984</u>	<u>181,147</u>	<u>23,675</u>	<u>322,534</u>	<u>329,408</u>
<u>\$37,612</u>	<u>\$196,406</u>	<u>\$19,962</u>	<u>\$47,379</u>	<u>\$1,403,259</u>	<u>\$31,934</u>	<u>\$7,913,448</u>	<u>\$8,089,537</u>

Prepared without audit.

State of Oregon

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1989
(Expressed in Thousands)**

	HOUSING	VETERANS' AFFAIRS	STATE HOSPITALS	STATE LOTTERY
<u>Operating Revenues:</u>				
Sales Income	\$ -	\$ -	\$ 469	\$155,028
Taxes	-	-	-	-
Licenses & Fees	599	1,445	4	-
Federal Revenues	-	-	277	-
Charges for Services	-	1,909	168,253	-
Fines and Forfeitures	-	-	-	-
Rents and Royalties	501	-	140	-
Interest and Investment Income	53,107	440,177	147	-
Other Revenues	210	-	336	955
Gain (Loss) on Foreclosed Property (Net)	635	4,667	-	-
Gain (Loss) on Sale of Investments	(28)	2,611	-	-
Fees Waived	-	-	(73,702)	-
Total Operating Revenues	<u>55,024</u>	<u>450,809</u>	<u>95,924</u>	<u>155,983</u>
<u>Operating Expenses:</u>				
Salaries and Wages	1,342	9,406	122,582	3,609
Services and Supplies	3,606	21,178	17,691	21,362
Cost of Sales	-	-	-	-
Special Payments	-	-	-	78,955
Interest Expense	46,508	395,632	-	-
Distribution to Governments	-	-	-	-
Depreciation and Amortization	11	475	1,868	414
Bad Debt Expense	899	-	-	-
Total Operating Expenses	<u>52,366</u>	<u>426,691</u>	<u>142,141</u>	<u>104,340</u>
Operating Income (Loss)	<u>2,658</u>	<u>24,118</u>	<u>(46,217)</u>	<u>51,643</u>
<u>Nonoperating Revenues (Expenses):</u>				
Interest Income	-	-	-	1,260
Gain (Loss) - Other	(809)	-	(24)	-
Total Nonoperating Revenues (Expenses)	<u>(809)</u>	<u>-</u>	<u>(24)</u>	<u>1,260</u>
Income Before Operating Transfers-in(out)	1,849	24,118	(46,241)	52,903
Operating Transfers-in	-	-	94,461	-
Operating Transfers-out	-	-	(58,885)	(52,305)
Net Income (Loss) Before Extraordinary Items and Accounting Change	1,849	24,118	(10,665)	598
Extraordinary Gain (Loss)	-	(12,448)	-	-
Cumulative Effect of Accounting Change	-	-	-	-
Net Income (Loss)	<u>1,849</u>	<u>11,670</u>	<u>(10,665)</u>	<u>598</u>
Fund Equity - Beginning	49,551	(33,516)	26,029	(1,987)
Prior Period Adjustments	290	-	11,302	-
Fund Equity - Beginning - As Restated	49,841	(33,516)	37,331	(1,987)
Unrealized Gain on Investments	-	-	-	-
Residual Equity Transfers-in	-	-	119	-
Residual Equity Transfers-out	-	-	(51)	-
Fund Equity - Ending	<u>\$51,690</u>	<u>\$ (21,846)</u>	<u>\$ 26,734</u>	<u>\$ (1,389)</u>

LIQUOR COMMISSION	ENERGY	WATER RESOURCES	ECONOMIC DEVELOPMENT	STATE ACC. INSURANCE	OTHER ENTERPRISE	FISCAL YEAR ENDED JUNE 30	
						1989	1988
\$143,924	\$ -	\$ -	\$ -	\$ -	\$ 6,450	\$ 305,871	\$ 304,620
10,861	-	-	-	-	-	10,861	10,542
1,918	32	45	1	-	5	4,049	2,472
-	-	-	-	-	10	287	581
24	9	-	35	245,807	2,562	418,599	353,722
101	-	1	-	1,664	-	1,766	2,908
-	-	1	-	-	1,299	1,941	1,589
-	14,604	1,727	4,705	-	624	515,091	617,176
-	15	-	2	2,377	527	4,422	1,509
-	-	(353)	-	-	-	4,949	(4,649)
-	-	-	-	-	(26)	2,557	1,361
-	-	-	-	-	-	(73,702)	(41,262)
<u>156,828</u>	<u>14,660</u>	<u>1,421</u>	<u>4,743</u>	<u>249,848</u>	<u>11,451</u>	<u>1,196,691</u>	<u>1,250,569</u>
8,097	521	101	948	35,271	4,779	186,656	170,360
12,746	449	92	488	24,814	5,175	107,601	107,715
76,304	-	-	-	-	17	76,321	73,678
-	-	-	358	295,280	98	374,691	429,663
-	14,402	1,695	-	-	463	458,700	463,772
16,068	-	-	2,647	-	-	18,715	-
259	11	3	8	2,766	729	6,544	6,058
-	-	-	-	19,701	-	20,600	-
<u>113,474</u>	<u>15,383</u>	<u>1,891</u>	<u>4,449</u>	<u>377,832</u>	<u>11,261</u>	<u>1,249,828</u>	<u>1,251,246</u>
<u>43,354</u>	<u>(723)</u>	<u>(470)</u>	<u>294</u>	<u>(127,984)</u>	<u>190</u>	<u>(53,137)</u>	<u>(6,777)</u>
17	-	-	-	105,671	13	106,961	-
(74)	-	-	(1)	-	669	(239)	(556)
(57)	-	-	(1)	105,671	682	106,722	(556)
43,297	(723)	(470)	293	(22,313)	872	53,585	(1,233)
-	-	-	20,614	-	1,418	116,493	122,900
(43,001)	-	-	(24,205)	-	(2)	(178,398)	(129,684)
296	(723)	(470)	(3,298)	(22,313)	2,288	(8,320)	(8,017)
-	-	-	-	-	-	(12,448)	68,840
-	-	-	-	-	-	-	55,479
<u>296</u>	<u>(723)</u>	<u>(470)</u>	<u>(3,298)</u>	<u>(22,313)</u>	<u>2,288</u>	<u>(20,768)</u>	<u>116,302</u>
19,591	534	(831)	48,199	200,405	21,433	329,408	258,470
142	-	-	(1,373)	(1,253)	29	9,137	(36,265)
19,733	534	(831)	46,826	199,152	21,462	338,545	222,205
-	-	-	-	4,308	-	4,308	(9,918)
-	-	-	456	-	-	575	-
-	-	-	-	-	(75)	(126)	819
<u>\$ 20,029</u>	<u>\$ (189)</u>	<u>\$ (1,301)</u>	<u>\$43,984</u>	<u>\$181,147</u>	<u>\$23,675</u>	<u>\$ 322,534</u>	<u>\$ 329,408</u>

Prepared without audit.

**COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1989
(Expressed in Thousands)**

	<u>HOUSING</u>	<u>VETERANS' AFFAIRS</u>	<u>STATE HOSPITALS</u>	<u>STATE LOTTERY</u>
<u>Sources of Working Capital:</u>				
Operations:				
Net Income (Loss) Before Extraordinary Items and Accounting Change	\$ 1,849	\$ 24,118	\$(10,665)	\$ 598
Items Not Affecting Working Capital:				
Depreciation and Amortization	11	476	1,868	414
LT Compensated Absences	-	-	(125)	153
Amortized Bond Discounts/Costs/Premiums	592	1,000	-	-
Donated Equipment	-	-	-	-
Loans Forgiven/Bad Debt Expense	899	-	-	-
Accreted Interest	<u>3,464</u>	<u>1,218</u>	<u>-</u>	<u>-</u>
Working Capital Provided by Operations Before Extraordinary Items and Accounting Change	6,815	26,812	(8,922)	1,165
Extraordinary Items and Accounting Change:				
Extraordinary Gain (Loss)	-	(12,448)	-	-
Accounting Change	-	-	-	-
Prior Period Adjustments	-	-	11,191	-
Other Sources of Working Capital:				
Payables Reclassified to Long-Term	-	-	-	5,374
Contributed From Another Fund	-	-	-	-
Disposal of Property and Equipment	5,968	(4)	23	-
Sale of Bonds	32,000	-	-	-
Loan Proceeds	-	-	596	-
Loan Repayments	29,539	449,640	-	-
Assets Reclassified to Current	1,809	128,191	-	-
Other Miscellaneous	(186)	(7,440)	-	-
Revaluation of Investments	-	-	-	-
Increase in Loss Reserves	-	-	-	-
Loss on Bond Call	809	-	-	-
Decrease in Bonds Classified As Current Liabilities	<u>9,105</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Sources of Working Capital	<u>85,859</u>	<u>584,751</u>	<u>2,888</u>	<u>6,539</u>
<u>Uses of Working Capital:</u>				
Assets Reclassified from Current	-	-	-	-
Long-Term Liabilities Reclassified to Current	1,394	-	-	509
Retirement of Bonds	48,555	223,800	-	-
Loans Made	30,217	247,652	-	-
Construction of Buildings	-	-	512	-
Acquisition of Property and Equipment	5,381	549	1,428	440
Payment of Other Long-Term Liabilities	-	153	365	-
Residual Equity Transfers-out	-	-	-	-
Premium and Discounts on Bonds	-	-	-	-
Deferred Charges	<u>1,157</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Uses of Working Capital	<u>86,704</u>	<u>472,154</u>	<u>2,305</u>	<u>949</u>
Net Increase (Decrease) in Working Capital	<u>\$ (845)</u>	<u>\$112,597</u>	<u>\$ 583</u>	<u>\$5,590</u>
<u>Elements of Net Increase (Decrease) in Working Capital:</u>				
Cash and Investments	\$ (9,022)	\$ 27,468	\$(14,120)	\$1,734
Receivables	(711)	76,780	16,365	1,735
Inventories	1,454	(17,112)	(179)	245
Prepaid Expenses	11	-	(1)	(85)
Payables	7,423	25,461	(1,482)	1,859
Deferred Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>102</u>
Net Increase (Decrease) in Working Capital	<u>\$ (845)</u>	<u>\$112,597</u>	<u>\$ 583</u>	<u>\$5,590</u>

LIQUOR COMMISSION	ENERGY	WATER RESOURCES	ECONOMIC DEVELOPMENT	STATE ACC. INSURANCE	OTHER ENTERPRISE	FISCAL YEAR ENDED JUNE 30	
						1989	1988
\$ 296	\$ (723)	\$ (470)	\$(3,298)	\$(22,313)	\$2,288	\$ (8,320)	\$ (8,017)
259	11	3	6	2,766	729	6,543	6,060
23	-	1	24	(1,180)	1	(1,103)	1,590
-	43	-	-	-	18	1,653	3,743
-	-	-	-	-	(29)	(29)	-
-	-	-	456	-	26	1,381	343
-	-	-	-	-	-	4,682	3,568
578	(669)	(466)	(2,812)	(20,727)	3,033	4,807	7,287
-	-	-	-	-	-	(12,448)	-
-	-	-	(1,373)	(1,254)	-	8,564	55,479
-	-	-	-	-	-	-	(36,314)
-	-	-	-	70,069	-	75,443	-
247	-	1	-	-	40	6,275	423
-	11,700	-	-	-	-	43,700	(959)
-	-	-	-	-	8	604	82,756
31	4,378	1,553	2,765	-	119	488,025	1,011
-	-	-	-	4,808	-	134,808	525,649
-	-	-	-	-	2	(7,624)	-
-	-	-	-	4,309	-	4,309	(2)
-	-	-	-	34,921	-	34,921	17,365
-	-	-	-	-	-	809	87,655
-	-	-	-	-	-	-	-
-	-	-	-	-	-	9,105	5,675
856	15,409	1,088	(1,420)	92,126	3,202	791,298	746,025
-	-	-	260	-	222	482	-
-	5,030	85	-	-	190	7,208	(8,516)
-	-	1,204	-	-	-	273,559	288,078
153	16,567	617	5,997	-	2,354	303,557	295,984
-	-	-	-	-	1,086	1,598	2,484
734	3	-	27	3,429	253	12,244	2,879
-	-	-	456	-	4	978	829
-	-	-	-	-	61	61	-
-	-	-	-	-	-	-	589
-	-	-	-	-	-	1,157	-
887	21,600	1,906	6,740	3,429	4,170	600,844	582,327
\$ (31)	\$ (6,191)	\$ (818)	\$(8,160)	\$ 88,697	\$ (968)	\$190,454	\$163,698
\$(2,119)	\$(13,671)	\$ 116	\$(2,079)	\$108,550	\$ (254)	\$ 96,603	\$185,565
205	(683)	(102)	(5,353)	(20,805)	(638)	66,793	41,340
(285)	-	(917)	-	(151)	234	(16,611)	(18,103)
(10)	-	-	-	(47)	-	(132)	(278)
2,158	8,163	(50)	(726)	1,150	(326)	43,630	(43,710)
20	-	35	(2)	-	16	171	(1,116)
\$ (31)	\$ (6,191)	\$ (818)	\$(8,160)	\$ 88,697	\$ (968)	\$190,454	\$163,698

Prepared without audit.

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Internal Service Funds

Internal Service Funds account for the financing of goods and services provided by an agency on a cost-reimbursement basis to any other governmental unit, whether state, federal, or local.

State of Oregon

COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
JUNE 30, 1989
(Expressed in Thousands)

ASSETS	EXECUTIVE DEPARTMENT	DEPARTMENT OF GENERAL SERVICES	JUSTICE DEPARTMENT
Current Assets:			
Cash and Investments	\$ 1	\$ 71,238	\$ 439
Receivables	113,598	12,212	3,293
Interfund Receivables	7	5,247	-
Inventories	104	2,039	220
Prepaid Expenses	6	1,303	-
Total Current Assets	113,716	92,039	3,952
Total Fixed Assets	2,757	69,752	1,370
Other Assets:			
Contracts, Mortgages, and Notes Receivable	-	136	-
Total Other Assets	-	136	-
Total Assets	\$116,473	\$161,927	\$5,322
LIABILITIES AND FUND EQUITY			
Current Liabilities:			
Accounts and Interest Payable	\$ 3,698	\$ 13,296	\$4,085
Interfund Payables	107,103	5,428	-
Vacation Payable-Current	81	178	530
Deferred Income	-	-	-
COPs Payable - Current	-	1,637	-
Total Current Liabilities	110,882	20,539	4,615
Long-Term Liabilities:			
Contracts, Mortgages, and Notes Payable	37	4,624	-
Obligations Under Capital Lease	-	850	-
Advances from Other Funds	-	345	6
COPs Payable-Noncurrent	-	5,225	-
Vacation Payable-Noncurrent	322	414	290
Claim Loss Liability	-	68,464	-
Total Long-Term Liabilities	359	79,922	296
Total Liabilities	111,241	100,461	4,911
Fund Equity:			
Contributed Capital	22	43,198	-
Retained Earnings-Unreserved	5,210	18,268	411
Total Fund Equity	5,232	61,466	411
Total Liabilities and Fund Equity	\$116,473	\$161,927	\$5,322

CORRECTIONS INDUSTRIES	OTHER DATA PROC. SERVICES	MISC. INTERNAL SERVICES	JUNE 30	
			1989	1988
\$ 546	\$ 1,475	\$ 3,337	\$ 77,036	\$ 50,074
1,101	1,829	1,367	133,400	45,055
-	-	48	5,302	52
1,258	387	363	4,371	3,960
-	-	4	1,313	1,200
<u>2,905</u>	<u>3,691</u>	<u>5,119</u>	<u>221,422</u>	<u>100,341</u>
<u>4,672</u>	<u>9,208</u>	<u>7,868</u>	<u>95,627</u>	<u>97,561</u>
-	-	-	136	705
-	-	-	136	705
<u>\$7,577</u>	<u>\$12,899</u>	<u>\$12,987</u>	<u>\$317,185</u>	<u>\$198,607</u>
\$1,048	\$ 1,482	\$ 1,692	\$ 25,301	\$ 12,649
-	-	93	112,624	23,957
14	84	203	1,090	1,231
-	106	-	106	1,657
-	-	-	1,637	-
<u>1,062</u>	<u>1,672</u>	<u>1,988</u>	<u>140,758</u>	<u>39,494</u>
-	4,857	665	10,183	23,010
-	-	-	850	956
4,030	650	-	5,031	5,745
-	-	-	5,225	-
75	197	128	1,426	1,127
-	-	-	68,464	27,324
<u>4,105</u>	<u>5,704</u>	<u>793</u>	<u>91,179</u>	<u>58,162</u>
<u>5,167</u>	<u>7,376</u>	<u>2,781</u>	<u>231,937</u>	<u>97,656</u>
2,919	2,162	3,795	52,096	50,477
(509)	3,361	6,411	33,152	50,474
<u>2,410</u>	<u>5,523</u>	<u>10,206</u>	<u>85,248</u>	<u>100,951</u>
<u>\$7,577</u>	<u>\$12,899</u>	<u>\$12,987</u>	<u>\$317,185</u>	<u>\$198,607</u>

Prepared without audit.

State of Oregon

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 1989 (Expressed in Thousands)

	EXECUTIVE DEPARTMENT	DEPARTMENT OF GENERAL SERVICES	JUSTICE DEPARTMENT
<u>Operating Revenues:</u>			
Sales Income	\$ 193	\$ 15,796	\$ -
Licenses & Fees	85	49	12
Federal Revenues	5	-	43
Charges for Services	14,186	69,672	25,443
Fines and Forfeitures	-	15	107
Rents and Royalties	371	10,037	-
Other Revenues	<u>27</u>	<u>905</u>	<u>31</u>
Total Operating Revenues	<u>14,867</u>	<u>96,474</u>	<u>25,636</u>
<u>Operating Expenses:</u>			
Salaries and Wages	7,999	11,135	18,956
Services and Supplies	5,485	86,012	5,912
Cost of Sales	-	13,772	-
Special Payments	-	2,914	-
Depreciation and Amortization	<u>1,136</u>	<u>5,887</u>	<u>414</u>
Total Operating Expenses	<u>14,620</u>	<u>119,720</u>	<u>25,282</u>
Operating Income (Loss)	<u>247</u>	<u>(23,246)</u>	<u>354</u>
<u>Nonoperating Revenues (Expenses):</u>			
Interest Income	-	4,022	-
Interest Expense	-	(764)	-
Gain (Loss) on Disposition of Equipment	<u>(26)</u>	<u>(7)</u>	<u>(101)</u>
Total Nonoperating Revenues (Expenses)	<u>(26)</u>	<u>3,251</u>	<u>(101)</u>
Income Before Operating Transfers-in(out)	221	(19,995)	253
Operating Transfers-in	913	21	-
Operating Transfers-out	<u>(1,017)</u>	<u>(325)</u>	<u>-</u>
Net Income (Loss)	<u>117</u>	<u>(20,299)</u>	<u>253</u>
Fund Equity - Beginning	5,103	79,014	158
Prior Period Adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Fund Equity - Beginning - As Restated	5,103	79,014	158
Residual Equity Transfers-in	12	2,751	-
Residual Equity Transfers-out	<u>-</u>	<u>-</u>	<u>-</u>
Fund Equity - Ending	<u>\$ 5,232</u>	<u>\$ 61,466</u>	<u>\$ 411</u>

CORRECTIONS INDUSTRIES	OTHER DATA PROC. SERVICES	MISC. INTERNAL SERVICES	FISCAL YEAR ENDED JUNE 30	
			1989	1988
\$5,305	\$ 1	\$ 343	\$ 21,638	\$ 19,190
-	-	3	149	329
-	-	-	48	-
365	13,101	10,571	133,338	115,807
-	-	-	122	-
12	-	-	10,420	11,954
<u>484</u>	<u>7</u>	<u>537</u>	<u>1,991</u>	<u>1,401</u>
<u>6,166</u>	<u>13,109</u>	<u>11,454</u>	<u>167,706</u>	<u>148,681</u>
569	5,195	6,913	50,767	48,463
1,173	4,448	3,936	106,966	78,133
2,988	-	-	16,760	13,364
-	-	-	2,914	11,828
<u>508</u>	<u>3,061</u>	<u>1,428</u>	<u>12,434</u>	<u>11,872</u>
<u>5,238</u>	<u>12,704</u>	<u>12,277</u>	<u>189,841</u>	<u>163,660</u>
<u>928</u>	<u>405</u>	<u>(823)</u>	<u>(22,135)</u>	<u>(14,979)</u>
-	-	59	4,081	2,840
(54)	-	-	(818)	(344)
<u>(7)</u>	<u>(46)</u>	<u>(560)</u>	<u>(747)</u>	<u>(508)</u>
<u>(61)</u>	<u>(46)</u>	<u>(501)</u>	<u>2,516</u>	<u>1,988</u>
867	359	(1,324)	(19,619)	(12,991)
7	-	134	1,075	559
<u>-</u>	<u>-</u>	<u>(8)</u>	<u>(1,350)</u>	<u>(717)</u>
<u>874</u>	<u>359</u>	<u>(1,198)</u>	<u>(19,894)</u>	<u>(13,149)</u>
572	5,043	11,063	100,953	113,648
<u>173</u>	<u>-</u>	<u>20</u>	<u>193</u>	<u>(3,251)</u>
745	5,043	11,083	101,146	110,397
791	121	331	4,006	3,883
<u>-</u>	<u>-</u>	<u>(10)</u>	<u>(10)</u>	<u>(180)</u>
<u>\$2,410</u>	<u>\$ 5,523</u>	<u>\$10,206</u>	<u>\$ 85,248</u>	<u>\$100,951</u>

Prepared without audit.

State of Oregon

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 1989 (Expressed in Thousands)

	EXECUTIVE DEPARTMENT	DEPARTMENT OF GENERAL SERVICES	JUSTICE DEPARTMENT
<u>Sources of Working Capital:</u>			
Operations:			
Net Income (Loss)	\$ 117	\$(20,299)	\$ 253
Items Not Affecting Working Capital:			
Depreciation and Amortization	1,136	5,887	414
LT Compensated Absences	251	28	6
LT Claim Losses	-	39,737	-
Amortized COP Discounts/Costs/Premiums	-	(92)	-
Working Capital Provided by Operations	1,504	25,261	673
Prior Period Adjustments	-	-	-
Other Sources of Working Capital:			
Disposal of Property and Equipment	30	277	99
Sale of COPs	-	8,635	-
Loan Proceeds	-	152	6
Loan Repayments	-	567	-
Residual Equity Transfers-in	12	2,751	-
Total Sources of Working Capital	<u>1,546</u>	<u>37,643</u>	<u>778</u>
<u>Uses of Working Capital:</u>			
COPs Reclassified as Current Liabilities	-	1,637	-
Retirement of Bonds	-	1,681	-
Loans Made	-	-	-
Construction of Buildings	-	-	-
Acquisition of Property and Equipment	552	5,003	501
Payment of Other Long-Term Liabilities	551	8,893	79
Residual Equity Transfers-out	-	-	-
Other	-	258	-
Total Uses of Working Capital	<u>1,103</u>	<u>17,472</u>	<u>580</u>
Net Increase (Decrease) in Working Capital	<u>\$ 443</u>	<u>\$ 20,171</u>	<u>\$ 198</u>
<u>Elements of Net Increase (Decrease) in Working Capital:</u>			
Cash and Investments	\$ 1	\$ 26,904	\$ 359
Receivables	85,788	6,916	793
Inventories	(48)	430	-
Prepaid Expenses	4	(1,193)	-
Payables	(85,302)	(14,189)	(2,370)
Deferred Income	-	1,303	1,416
Net Increase (Decrease) in Working Capital	<u>\$ 443</u>	<u>\$ 20,171</u>	<u>\$ 198</u>

CORRECTIONS INDUSTRIES	OTHER DATA PROC. SERVICES	MISC. INTERNAL SERVICES	FISCAL YEAR ENDED JUNE 30	
			1989	1988
\$ 874	\$ 359	\$(1,198)	\$(19,894)	\$(13,149)
508	3,061	1,428	12,434	11,872
15	(11)	11	300	(137)
-	-	-	39,737	9,187
-	-	-	(92)	-
1,397	3,409	241	32,485	7,773
173	-	20	193	-
7	44	838	1,295	774
-	-	-	8,635	-
182	149	761	1,250	3,668
(86)	(1,099)	-	(618)	2,424
<u>791</u>	<u>121</u>	<u>331</u>	<u>4,006</u>	<u>3,703</u>
<u>2,464</u>	<u>2,624</u>	<u>2,191</u>	<u>47,246</u>	<u>18,342</u>
-	-	-	1,637	-
-	-	-	1,681	-
-	-	-	-	1,516
10	-	41	51	-
1,071	2,455	2,956	12,538	10,711
-	1,473	260	11,256	4,970
-	-	10	10	-
-	-	-	<u>258</u>	-
<u>1,081</u>	<u>3,928</u>	<u>3,267</u>	<u>27,431</u>	<u>17,197</u>
<u>\$1,383</u>	<u>\$(1,304)</u>	<u>\$(1,076)</u>	<u>\$ 19,815</u>	<u>\$ 1,145</u>
\$ 189	\$ (37)	\$ (454)	\$ 26,962	\$ 8,473
451	(847)	492	93,593	15,283
14	(9)	24	411	306
-	-	(1)	(1,190)	1,177
729	(546)	(1,137)	(102,815)	(22,717)
-	<u>135</u>	-	<u>2,854</u>	<u>(1,377)</u>
<u>\$1,383</u>	<u>\$(1,304)</u>	<u>\$(1,076)</u>	<u>\$ 19,815</u>	<u>\$ 1,145</u>

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Trust and Agency Funds

Trust and Agency Funds account for resources received and held by a governmental unit as trustee or agent for individuals, private organizations, and other governmental units to be expended or invested in accordance with the conditions of the trust or agency agreement.

State of Oregon

**COMBINING BALANCE SHEET
TRUST AND AGENCY FUNDS
JUNE 30, 1989
(Expressed in Thousands)**

	<u>PENSION TRUST</u>	<u>NONEXPENDABLE TRUSTS</u>	
	<u>PUB. EMPL. RETIREMENT SYSTEM</u>	<u>STATE LANDS</u>	<u>OTHER</u>
<u>ASSETS</u>			
Cash and Investments	\$ 9,831,105	\$200,614	\$1,594
Securities Held in Trust	-	768	-
Receivables	160,257	6,575	-
Interfund Receivables	390,462	137	-
Taxes Receivable	-	-	-
Inventories	11	13	-
Prepaid Expenses and Deferred Charges	-	-	-
Contracts, Mortgages, and Notes Receivable	-	5	-
Advances to Other Funds	8	-	-
Receivership Assets	-	-	-
Fixed Assets	<u>603</u>	<u>4,867</u>	<u>-</u>
Total Assets	<u>\$10,382,446</u>	<u>\$212,979</u>	<u>\$1,594</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$ 28,548	\$ 795	\$ -
Interfund Payables	-	38	-
Due to Other Governments	11	11,713	-
Trust and Agency Funds Payable	-	23,292	-
Deferred Compensation Payable	-	-	-
Contract, Mortgages, and Notes Payable	-	-	-
Vacation Payable	169	125	-
Deferred Income	<u>-</u>	<u>13</u>	<u>-</u>
Total Liabilities	<u>28,728</u>	<u>35,976</u>	<u>-</u>
Fund Balances:			
Reserved for Public Employees Retirement System	10,353,718	-	-
Reserved for Trust Fund Principal	-	177,003	1,594
Unreserved, Undesignated	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>10,353,718</u>	<u>177,003</u>	<u>1,594</u>
Total Liabilities and Fund Balances	<u>\$10,382,446</u>	<u>\$212,979</u>	<u>\$1,594</u>

EXPENDABLE TRUSTS

EMPLOYMENT	RET. HEALTH INS. TRUST FUND	OTHER	AGENCY FUNDS	JUNE 30	
				1989	1988
\$679,750	\$378,469	\$ 5,626	\$ 970,429	\$12,067,587	\$10,459,816
239	-	1	935,591	936,599	854,422
8,189	16	5,494	34,423	214,954	290,573
590	-	180	66,772	458,141	431,447
106,753	-	-	3,945	110,698	-
-	-	19	96	139	89
-	786	1,756	-	2,542	1,336
24,327	-	262	163,848	188,442	49,495
-	-	-	-	8	-
-	-	-	70,295	70,295	-
-	-	-	1,493	6,963	3,784
<u>\$819,848</u>	<u>\$379,271</u>	<u>\$13,338</u>	<u>\$2,246,892</u>	<u>\$14,056,368</u>	<u>\$12,090,962</u>
\$ -	\$ -	\$ 2,503	\$ 9,267	\$ 41,113	\$ 48,003
599	390,387	5,334	83,515	479,873	428,973
1,617	-	-	5,521	18,862	19,262
1,297	-	120	2,030,489	2,055,198	1,702,268
-	-	-	118,100	118,100	95,722
-	-	-	-	-	1
-	-	-	-	294	250
<u>24,327</u>	<u>-</u>	<u>262</u>	<u>-</u>	<u>24,602</u>	<u>24,272</u>
<u>27,840</u>	<u>390,387</u>	<u>8,219</u>	<u>2,246,892</u>	<u>2,738,042</u>	<u>2,318,751</u>
-	-	-	-	10,353,718	9,017,908
-	(11,116)	5,119	-	172,600	162,346
<u>792,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>792,008</u>	<u>591,957</u>
<u>792,008</u>	<u>(11,116)</u>	<u>5,119</u>	<u>-</u>	<u>11,318,326</u>	<u>9,772,211</u>
<u>\$819,848</u>	<u>\$379,271</u>	<u>\$13,338</u>	<u>\$2,246,892</u>	<u>\$14,056,368</u>	<u>\$12,090,962</u>

Prepared without audit.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1989
(Expressed in Thousands)**

	EMPLOYMENT	RET. HEALTH INS. TRUST FUND	OTHER	FISCAL YEAR ENDED JUNE 30	
				1989	1988
Revenues:					
Taxes	\$361,104	\$ -	\$ 951	\$362,055	\$329,348
Licenses and Fees	-	-	22	22	-
Federal Revenues	6,824	-	-	6,824	9,131
Charges for Services	-	-	1,838	1,838	20
Interest and Investment Income	50,532	33,305	614	84,451	58,563
Sales Income	-	-	-	-	2
Other Revenues	-	-	8,370	8,370	4,203
Total Revenues	<u>418,460</u>	<u>33,305</u>	<u>11,795</u>	<u>463,560</u>	<u>401,267</u>
Expenditures:					
Economic Development	-	-	179	179	429
Education	-	-	871	871	540
Human Resources	209,889	-	421	210,310	217,456
Natural Resources	-	-	11,992	11,992	7,514
Public Safety	-	-	1	1	76
Transportation	-	-	-	-	4
Administrative & Support Services	66	9,465	82	9,613	1,655
Total Expenditures	<u>209,955</u>	<u>9,465</u>	<u>13,546</u>	<u>232,966</u>	<u>227,674</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>208,505</u>	<u>23,840</u>	<u>(1,751)</u>	<u>230,594</u>	<u>173,593</u>
Other Financing Sources (Uses):					
Operating Transfers-in	2	-	961	963	5,271
Operating Transfers-out	(2,091)	-	(350)	(2,441)	(14,188)
Loan Repayments	73	-	-	73	73
Total Other Financing Sources (Uses)	<u>(2,016)</u>	<u>-</u>	<u>611</u>	<u>(1,405)</u>	<u>(8,844)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>206,489</u>	<u>23,840</u>	<u>(1,140)</u>	<u>229,189</u>	<u>164,749</u>
Fund Balances - Beginning	585,519	(780)	6,438	591,177	447,688
Prior Period Adjustments	-	-	(206)	(206)	18
Fund Balances-Beginning - As Restated	585,519	(780)	6,232	590,971	447,706
Residual Equity Transfers-in	-	-	27	27	350,000
Residual Equity Transfers-out	-	(34,176)	-	(34,176)	(371,278)
Fund Balances - Ending	<u>\$792,008</u>	<u>\$ (11,116)</u>	<u>\$ 5,119</u>	<u>\$786,011</u>	<u>\$591,177</u>

Prepared without audit.

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY
PENSION TRUST AND NONEXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1989
(Expressed in Thousands)**

	PENSION TRUST PUB. EMPL. RETIREMENT SYSTEM	STATE LANDS	OTHER	FISCAL YEAR ENDED JUNE 30	
				1989	1988
<u>Operating Revenues:</u>					
Sales Income	\$ -	\$ 14,104	\$ -	\$ 14,104	\$ 12,844
Contributions	533,374	-	-	533,374	465,389
Licenses and Fees	-	64	-	64	61
Charges for Services	-	111	-	111	195
Fines and Forfeitures	-	61	-	61	-
Rents and Royalties	-	1,551	-	1,551	1,353
Interest and Investment Income	1,154,576	18,553	143	1,173,272	361,003
Other Revenues	67	1,964	1	2,032	1,406
Total Operating Revenues	<u>1,688,017</u>	<u>36,408</u>	<u>144</u>	<u>1,724,569</u>	<u>842,251</u>
<u>Operating Expenses:</u>					
Salaries and Wages	3,388	3,420	-	6,808	6,010
Services and Supplies	26,425	2,489	-	28,914	5,019
Special Payments	-	661	-	661	-
Benefit Payments	352,861	-	-	352,861	318,840
Distribution to Governments	-	14,419	-	14,419	17,960
Depreciation and Amortization	178	25	-	203	160
Total Operating Expenses	<u>382,852</u>	<u>21,014</u>	<u>-</u>	<u>403,866</u>	<u>347,989</u>
Operating Income (Loss)	<u>1,305,165</u>	<u>15,394</u>	<u>144</u>	<u>1,320,703</u>	<u>494,262</u>
<u>Nonoperating Revenues (Expenses):</u>					
Gain (Loss) on Disposition of Equipment	(1)	697	-	696	(41)
Income Before Operating Transfers-in(out)	1,305,164	16,091	144	1,321,399	494,221
Operating Transfers-in	15	8,258	250	8,523	541
Operating Transfers-out	-	(8,229)	(140)	(8,369)	(306)
Net Income (Loss)	<u>1,305,179</u>	<u>16,120</u>	<u>254</u>	<u>1,321,553</u>	<u>494,456</u>
Fund Equity - Beginning	9,018,688	161,006	1,340	9,181,034	8,846,235
Prior Period Adjustments	(4,325)	(123)	-	(4,448)	(180,932)
Fund Equity - Beginning - As Restated	9,014,363	160,883	1,340	9,176,586	8,665,303
Residual Equity Transfers-in	34,202	-	-	34,202	371,278
Residual Equity Transfers-out	(26)	-	-	(26)	(350,003)
Fund Equity - Ending	<u>\$10,353,718</u>	<u>\$177,003</u>	<u>\$ 1,594</u>	<u>\$10,532,315</u>	<u>\$9,181,034</u>

Prepared without audit.

State of Oregon

**COMBINING STATEMENT OF CHANGES IN
FINANCIAL POSITION
PENSION TRUST AND NONEXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1989
(Expressed in Thousands)**

	PENSION TRUST PUB. EMPL. RETIREMENT SYSTEM	NONEXPENDABLE TRUSTS STATE LANDS	OTHER	FISCAL YEAR ENDED JUNE 30	
				1989	1988
<u>Sources of Working Capital:</u>					
Operations:					
Net Income (Loss)	\$1,305,179	\$16,120	\$254	\$1,321,553	\$494,456
Items Not Affecting Working Capital:					
Depreciation and Amortization	178	25	-	203	159
LT Compensated Absences	<u>12</u>	<u>24</u>	<u>-</u>	<u>36</u>	<u>18</u>
Working Capital Provided by Operations	1,305,369	16,169	254	1,321,792	494,633
Prior Period Adjustments	(4,325)	(123)	-	(4,448)	(180,932)
Other Sources of Working Capital:					
Disposal of Property and Equipment	2	5	-	7	47
Loan Repayments	-	-	-	-	13
Residual Equity Transfers-in	34,202	-	-	34,202	371,278
Other Miscellaneous	<u>(8)</u>	<u>19</u>	<u>-</u>	<u>11</u>	<u>1</u>
Total Sources of Working Capital	<u>1,335,240</u>	<u>16,070</u>	<u>254</u>	<u>1,351,564</u>	<u>685,040</u>
<u>Uses of Working Capital:</u>					
Construction of Buildings	-	2,632	-	2,632	-
Acquisition of Property and Equipment	107	878	-	985	631
Payment of Other Long-Term Liabilities	-	1	-	1	7
Residual Equity Transfers-out	<u>26</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>350,003</u>
Total Uses of Working Capital	<u>133</u>	<u>3,511</u>	<u>-</u>	<u>3,644</u>	<u>350,641</u>
Net Increase (Decrease) in Working Capital	<u>\$1,335,107</u>	<u>\$12,559</u>	<u>\$254</u>	<u>\$1,347,920</u>	<u>\$334,399</u>
<u>Elements of Net Increase (Decrease)</u> <u>in Working Capital:</u>					
Cash and Investments	\$1,298,408	\$12,204	\$254	\$1,310,866	\$(56,751)
Securities Held in Trust	-	(1)	-	(1)	-
Receivables	12,913	1,389	-	14,302	414,194
Inventories	(29)	8	-	(21)	8
Payables	23,815	(1,051)	-	22,764	(23,091)
Deferred Income	<u>-</u>	<u>10</u>	<u>-</u>	<u>10</u>	<u>39</u>
Net Increase (Decrease) in Working Capital	<u>\$1,335,107</u>	<u>\$12,559</u>	<u>\$254</u>	<u>\$1,347,920</u>	<u>\$334,399</u>

Prepared without audit.

**COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS
(Expressed in Thousands)**

	BALANCE JULY 1, 1988	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1989
<u>Assets</u>				
Cash and Investments	\$ 886,793	\$1,248,988	\$1,165,352	\$ 970,429
Securities Held in Trust	853,416	217,314	135,139	935,591
Receivables	18,170	538,160	517,962	38,368
Interfund Receivables	42,677	862,841	838,746	66,772
Inventories	44	52	-	96
Contracts, Mortgages, and Notes Receivable	25,222	142,414	3,788	163,848
Receivership Assets	-	70,295	-	70,295
Land, Buildings and Improvements	1,264	41	284	1,021
Equipment	457	33	18	472
Total Assets	<u>\$1,828,043</u>	<u>\$3,080,138</u>	<u>\$2,661,289</u>	<u>\$2,246,892</u>
<u>Liabilities</u>				
Accounts Payable	\$ 7,558	\$ 63,392	\$ 61,683	\$ 9,267
Interfund Payables	40,386	91,431	48,302	83,515
Due to Other Governments	4,107	3,956	2,542	5,521
Agency Funds Payable	1,680,270	613,747	263,528	2,030,489
Deferred Comp. Payable	95,722	27,683	5,305	118,100
Total Liabilities	<u>\$1,828,043</u>	<u>\$ 800,209</u>	<u>\$ 381,360</u>	<u>\$2,246,892</u>

Prepared without audit.

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College and University Funds

The College and University Funds account for the resources received and used to operate Oregon's institutions of higher education and medical teaching hospitals.

State of Oregon

COMBINING BALANCE SHEET
ALL COLLEGE AND UNIVERSITY FUNDS
JUNE 30, 1989
(Expressed in Thousands)

	<u>CURRENT FUNDS</u>			
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>LOAN</u>	<u>ENDOWMENT</u>
<u>ASSETS</u>				
Cash and Investments	\$ 42,869	\$ 3,483	\$ 5,261	\$45,593
Receivables	36,252	25,203	-	-
Interfund Receivables	27,428	43	-	-
Inventories	9,302	-	-	-
Prepaid Expenses and Deferred Charges	4,736	7	-	-
Contracts, Mortgages, and Notes Receivable	-	-	71,244	-
Fixed Assets	-	-	-	-
Total Assets	<u>\$120,587</u>	<u>\$28,736</u>	<u>\$76,505</u>	<u>\$45,593</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities:</u>				
Accounts and Interest Payable	\$ 20,625	\$ 2,755	\$ -	\$ -
Interfund Payables	128	6	-	-
Due to Other Governments	-	-	-	-
Trust Funds Payable	2,539	-	-	-
Advances From Other Funds	-	-	-	-
Matured Bonds and Coupons Payable	-	-	-	-
Bonds/COP Payable	-	-	-	-
Vacation Payable	13,104	3,276	-	-
Deferred Income	<u>13,770</u>	<u>2,019</u>	<u>45</u>	<u>-</u>
Total Liabilities	<u>50,166</u>	<u>8,056</u>	<u>45</u>	<u>-</u>
<u>Fund Balances:</u>				
Net Investment in Plant	-	-	-	-
Restricted	-	20,680	76,460	41,602
Unrestricted	<u>70,421</u>	<u>-</u>	<u>-</u>	<u>3,991</u>
Total Fund Balances	<u>70,421</u>	<u>20,680</u>	<u>76,460</u>	<u>45,593</u>
Total Liabilities and Fund Balances	<u>\$120,587</u>	<u>\$28,736</u>	<u>\$76,505</u>	<u>\$45,593</u>

PLANT FUNDS					JUNE 30	
UNEXPENDED	RENEWAL AND REPLACEMENT	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY	1989	1988
\$58,896	\$20,596	\$44,256	\$ -	\$6,956	\$ 227,910	\$ 163,380
1,108	-	32	-	21	62,616	55,582
2,369	-	-	-	-	29,840	10,855
-	-	-	-	-	9,302	8,011
-	-	-	-	-	4,743	4,874
-	-	-	-	-	71,244	64,956
-	-	-	1,043,742	-	1,043,742	980,693
<u>\$62,373</u>	<u>\$20,596</u>	<u>\$44,288</u>	<u>\$1,043,742</u>	<u>\$6,977</u>	<u>\$1,449,397</u>	<u>\$1,288,351</u>
\$ 1,362	\$ -	\$ 310	\$ 4,711	\$ 157	\$ 29,920	\$ 25,843
7	-	-	-	-	141	156
76	-	-	-	-	76	76
-	-	-	-	6,820	9,359	4,224
-	-	-	701	-	701	300
-	-	3,128	-	-	3,128	552
-	-	-	215,213	-	215,213	174,694
-	-	-	-	-	16,380	14,608
-	-	225	-	-	16,059	14,864
<u>1,445</u>	<u>-</u>	<u>3,663</u>	<u>220,625</u>	<u>6,977</u>	<u>290,977</u>	<u>235,317</u>
-	-	-	823,117	-	823,117	802,684
5,576	-	-	-	-	144,318	224,898
<u>55,352</u>	<u>20,596</u>	<u>40,625</u>	<u>-</u>	<u>-</u>	<u>190,985</u>	<u>25,452</u>
<u>60,928</u>	<u>20,596</u>	<u>40,625</u>	<u>823,117</u>	<u>-</u>	<u>1,158,420</u>	<u>1,053,034</u>
<u>\$62,373</u>	<u>\$20,596</u>	<u>\$44,288</u>	<u>\$1,043,742</u>	<u>\$6,977</u>	<u>\$1,449,397</u>	<u>\$1,288,351</u>

Prepared without audit.

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General Fixed Assets Account Group

**General Fixed Assets Account Group accounts for fixed assets
acquired through governmental-type funds**

SCHEDULE OF GENERAL FIXED ASSETS
JUNE 30, 1989
(Expressed in Thousands)

	<u>JUNE 30</u>	
	<u>1989</u>	<u>1988</u>
Land	\$ 98,730	\$136,806
Buildings	183,999	172,154
Improvements Other than Buildings	112,228	52,500
Construction in Process	20,643	15,944
Equipment and Machinery	292,845	260,182
Data Processing Software	4,821	3,039
Leasehold Improvements	2,114	1,845
Capital Leased Property	<u>613</u>	<u>22</u>
Total General Fixed Assets	<u>\$715,993</u>	<u>\$542,492</u>

Prepared without audit.

General Long-Term Debt Account Group

General Long-Term Debt Account Group accounts for long-term debt other than those incurred in Proprietary and certain Trust Funds.

SCHEDULE OF GENERAL LONG-TERM DEBT
JUNE 30, 1989
 (Expressed in Thousands)

	JUNE 30	
	<u>1989</u>	<u>1988</u>
<u>AMOUNT AVAILABLE AND TO BE PROVIDED</u> <u>FOR THE PAYMENT OF LONG-TERM DEBT</u>		
Amount Available in Debt Service Fund	\$104,563	\$113,640
Amount to be Provided - Long-Term Debt	134,769	202,730
Amount to be Provided - Vacation Payable	<u>24,259</u>	<u>21,980</u>
Total Available and to be Provided	<u>\$263,591</u>	<u>\$338,350</u>
<u>GENERAL LONG-TERM DEBT PAYABLE</u>		
<u>Bonds Payable</u>		
Community College and Education Center	\$ 27,490	\$ 29,180
Oregon Pollution Control	102,325	112,075
Oregon State Highway	<u>97,820</u>	<u>107,100</u>
Total	227,635	248,355
<u>Other Long-Term Liabilities</u>		
Contracts, Mortgages, & Notes Payable	3,002	2,522
Lease Purchase Contracts Payable	7,396	7,904
Vacation Payable	24,259	21,980
Claim Loss Liability	<u>1,299</u>	<u>57,589</u>
Total in Long-Term Debt Account Group	<u>\$263,591</u>	<u>\$338,350</u>

Prepared without audit.

Statistical and Economic Information



Detroit Reservoir
Detroit, Oregon



Kah-nee-tah
Warm Springs, Oregon

Siletz Bay at Taft, Oregon



REDISTRIBUTIONS OF REVENUE
FOR THE YEAR ENDED JUNE 30, 1989

(Expressed in Thousands)

Numerous moneys are distributed biennially by the State to local governmental units and individuals. Redistributions of revenue are recorded and reported in various ways by the state agencies depending on their legislatively-approved budgets. This is a summary of the distributions that are reported as Transfers-out, Special Payments Expenditures, or Nonlimited Expenditures in the financial statements. During 1988-89 the State of Oregon made the following distributions:

	1988-89 TOTAL	NONLIMITED FUNDS	OTHER FUNDS	FEDERAL FUNDS	STATE GENERAL FUND
Cities	\$ 88,590	\$ 19,742	\$ 64,417	\$ 4,006	\$ 425
Counties	562,538	167,840	276,295	48,484	69,919
Other Governmental Units	127,469	100,788	15,415	7,875	3,392
Nongovernmental Units	159,694	82,638	7,312	62,787	6,957
Individuals	778,870	190,104	22,465	344,048	222,253
Local School Districts	185,039	65,354	5,440	86,636	27,609
Community Colleges	81,879	2	1,606	5,887	74,384
Other (A)	<u>102,133</u>	<u>22,770</u>	<u>59,240</u>	<u>12,900</u>	<u>7,222</u>
Total	<u>\$2,086,213</u>	<u>\$649,238</u>	<u>\$452,191</u>	<u>\$572,622</u>	<u>\$412,162</u>

(A) Some state agencies use "Other" instead of a specific classification.

STATE OF OREGON HISTORICAL STATEMENT OF BUDGETARY REVENUES

(Expressed in Thousands)
FISCAL YEAR ENDED JUNE 30,

	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Income Taxes	\$1,889,758	\$1,450,829	\$1,594,011	\$1,347,606	\$1,473,286	\$1,365,762	\$1,319,803	\$1,093,073	\$1,165,123	\$1,045,400
Selective Sales and Use Taxes	457,250	403,497	373,314	337,548	267,390	272,183	248,258	213,593	197,267	200,890
Gross Receipts Business Taxes	74,388	71,360	64,697	54,843	47,483	42,014	39,801	40,338	40,376	38,996
Employer - Employee Taxes	535,532	496,477	499,638	473,911	445,432	405,461	378,088	317,043	73,416	551,738
Inheritance and Gift Taxes	9,796	12,982	34,711	25,937	29,201	33,705	35,760	42,216	35,428	27,358
Severance Taxes	32,504	27,557	27,538	26,944	31,027	29,879	48,486	47,625	49,975	53,345
Other Taxes	24,172	21,608	15,365	14,310	14,698	14,125	12,768	6,846	4,431	3,905
Business Licenses and Fees	42,313	40,770	34,459	33,190	29,589	32,268	26,363	27,642	27,771	21,068
Nonbusiness Licenses and Fees	134,172	128,474	105,095	120,560	97,775	91,198	85,462	82,492	76,393	75,181
Federal Revenues	1,220,486	1,225,402	1,190,536	1,106,571	1,087,678	983,033	988,338	910,698	1,069,192	915,315
Charges for Services	257,372	632,330	576,775	517,911	568,261	570,252	524,738	464,000	423,678	374,222
Rents and Royalties	28,827	25,335	33,671	16,766	19,359	29,481	17,358	7,187	5,659	5,958
Bond Sales	188,705	370,800	530,350	1,120,459	399,220	218,970	520,525	251,100	1,159,080	1,192,640
Interest Income (A)	1,893,560	919,831	2,391,011	1,492,935	1,236,156	1,028,705	931,077	683,229	604,040	500,672
Sales Income	441,392	430,035	355,287	368,690	308,923	278,498	247,786	233,695	225,505	222,357
Cost of Goods Sold	(131,710)	(150,042)	(151,707)	(164,782)	(151,724)	(150,553)	(125,679)	(80,157)	(81,044)	(76,523)
Donations and Grants (Nonfederal)	7,030	50,040	54,912	47,545	39,179	39,868	35,458	36,225	26,860	28,130
Contributions (Retirement)	531,760	465,455	642,417	818,261	781,698	720,416	692,798	700,085	632,452	496,872
Loan Repayments	550,320	554,403	609,428	532,282	507,035	451,564	407,478	268,507	217,540	222,229
SAIF Assessment	-	-	-	-	-	-	81,000	-	-	-
Workers' Compensation Premiums	294,433	283,092	221,968	177,875	139,607	169,247	(1)	(1)	237,497	(1)
Other Revenue	121,741	143,559	137,817	170,210	74,643	70,785	94,223	68,917	43,797	94,364
Loan Proceeds	425	3,068	5,302	502	14,642	13,349	-	4,785	-	-
Revenue Transfers (Net)	716,350	592,801	291,917	112,408	77,700	174,182	76,916	46,758	75,301	(89,704)
Total Revenue	\$9,337,336	\$8,228,402	\$9,657,756	\$8,772,235	\$7,556,605	\$6,873,255	\$6,703,551	\$5,487,834	\$6,327,452	\$5,925,293

(1) Included in Employer - Employee Taxes

(A) Includes income reported on Public Employees' Retirement Fund for increases in the valuation of investments to market value.

STATE OF OREGON
HISTORICAL STATEMENT OF
BUDGETARY EXPENDITURES
BY BUDGET AUTHORITY

(Expressed in Thousands)
 Fiscal Year Ended June 30,

	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
STATE GENERAL FUND EXPENDITURES										
Personal Services	\$ 329,685	\$ 516,651	\$ 496,935	\$ 461,138	\$ 416,795	\$ 386,337	\$ 342,682	\$ 362,855	\$ 325,879	\$ 312,239
Services and Supplies	130,573	156,949	140,387	139,856	130,741	112,291	93,636	88,470	84,851	91,351
Capital Outlay	32,475	32,013	25,011	27,105	29,742	17,196	8,158	10,704	16,701	20,129
Special Payments	1,396,051	1,084,849	1,036,223	1,021,333	1,001,214	982,223	937,540	1,009,738	944,850	1,019,578
Debt Service	-	5,370	5,082	5,364	5,378	6,868	2,888	5,772	2,970	8,874
Total General Fund	\$1,888,784	\$1,873,714	\$1,703,638	\$1,654,796	\$1,583,870	\$1,504,915	\$1,384,904	\$1,477,539	\$1,375,251	\$1,452,171
OTHER FUND EXPENDITURES										
Personal Services	\$ 364,785	\$ 444,672	\$ 479,259	\$ 457,599	\$ 499,609	\$ 501,771	\$ 474,562	\$ 418,665	\$ 385,859	\$ 352,988
Services and Supplies	436,532	426,808	489,835	473,775	505,043	450,705	437,581	439,940	649,401	398,391
Capital Outlay	118,227	59,830	79,315	38,703	40,712	26,861	35,938	23,098	27,873	29,922
Special Payments	469,927	396,042	335,475	336,996	316,208	244,187	82,108	42,327	58,635	47,029
Debt Service	22,402	477	666	5,415	23,935	26,126	11,877	9,512	9,414	6,406
Total Other Funds	\$1,411,873	\$1,327,829	\$1,384,550	\$1,312,488	\$1,385,507	\$1,259,650	\$1,042,066	\$ 933,542	\$1,131,182	\$ 834,736
FEDERAL FUND EXPENDITURES										
Personal Services	\$ 141,537	\$ 131,333	\$ 122,507	\$ 122,485	\$ 119,910	\$ 120,839	\$ 118,280	\$ 118,379	\$ 110,592	\$ 101,033
Services and Supplies	56,451	56,945	46,857	54,354	50,689	43,514	42,068	40,565	41,098	38,685
Capital Outlay	6,146	4,700	7,739	6,222	6,201	4,527	2,764	2,473	6,504	3,102
Special Payments	653,637	565,307	519,763	487,405	452,529	387,767	375,773	326,840	422,289	362,405
Total Federal Funds	\$ 857,771	\$ 758,285	\$ 696,866	\$ 670,466	\$ 629,329	\$ 556,647	\$ 538,885	\$ 488,257	\$ 580,483	\$ 505,225
NONLIMITED FUND EXPENDITURES										
Personal Services	\$ 168,108	\$ 366,859	\$ 252,146	\$ 231,844	\$ 133,442	\$ 124,364	\$ 96,810	\$ 95,283	\$ 93,938	\$ 83,157
Services and Supplies	110,387	355,842	299,471	266,293	218,813	192,811	167,037	143,010	128,376	136,719
Capital Outlay	13,552	30,737	23,518	26,512	16,246	12,238	8,503	9,811	12,880	8,220
Special Payments	837,171	1,849,980	1,802,235	1,841,715	1,688,059	1,724,978	1,714,847	1,805,799	1,999,715	2,222,007
Debt Service	922,080	984,627	1,067,784	1,063,434	880,634	697,390	627,050	575,489	522,009	340,553
Other	70,446	77,882	102,966	28,794	30,432	26,476	24,276	3,133	3,436	1,909
Total Nonlimited Funds	\$3,121,744	\$3,665,926	\$3,548,120	\$3,458,592	\$2,967,626	\$2,778,257	\$2,640,623	\$2,632,525	\$2,760,354	\$2,792,565
Total Expenditures	\$7,280,172	\$7,333,174	\$7,096,342	\$6,566,332	\$6,099,469	\$5,606,478	\$5,531,963	\$5,847,270	\$5,847,270	\$5,584,697

ANALYSIS OF BONDED DEBT

The State of Oregon Constitution provides for the issuance of general obligation debt for a number of purposes. The State may also issue revenue bonds under various State laws.

General obligation bonds are secured by the full faith and credit of the government and are not deemed a primary obligation of any specific fund of the organization.

Revenue bonds such as the housing revenue bonds are not secured by the full faith and credit of the State nor are the bonds an obligation of the State. They are secured and payable only from the obligations of the mortgage lenders as collaterally secured by approved securities or to first mortgage liens on low income family residential property.

The following summary information is provided for the year ended June 30, 1989 to aid in analysis of State bonded debt.

Analysis of General Obligation Debt.

Summary of Outstanding Debt and Constitutional and Statutory Provisions.

Summary of Oregon State Constitutional Provisions regarding General Obligation Debt.

**STATE OF OREGON
GENERAL OBLIGATION DEBT SUMMARY**

(Expressed in Whole Dollars)

	JUNE 30,			
	1980	1981	1982	1983
Total General Obligation Debt	\$4,844,741,000	\$5,523,265,000	\$5,673,406,000	\$5,893,090,000
Revenue Supported General Obligation Debt	\$4,607,123,000	\$5,377,522,000	\$5,532,548,000	\$5,749,380,000
Nonrevenue Supported General Obligation Debt	\$138,618,000	\$145,743,000	\$142,038,000	\$143,710,000
Population ^{1/}	2,639,915	2,660,735	2,656,185	2,635,000
Total Debt per Capita	\$1,835.19	\$2,075.84	\$2,135.92	\$2,236.47
True Cash Value (TCV)	\$73,401,711,033	\$82,426,835,098	\$86,428,611,621	\$85,364,563,949
Total Debt as Percent TCV	6.60%	6.70%	6.56%	6.90%
Nonrevenue Supported General Obligation Debt per Capita	\$52.38	\$54.78	\$53.47	\$54.54
Nonrevenue Supported General Obligation Debt as Percent TCV	.19%	.18%	.16%	.17%
Total Personal Income ^{2/}	\$22,336,000,000	\$24,700,000,000	\$26,527,600,000	\$27,078,200,000
Revenue Supported General Obligation Debt as Percent Total Personal Income	21.07%	21.77%	20.86%	21.23%
Nonrevenue Supported General Obligation Debt as Percent Total Personal Income	.62%	.59%	.54%	.53%

^{1/} Population figures are as of July 1 each year, except that no new population figures are available after July 1, 1988. Source: Center for Population Research, Portland State University.

^{2/} Total personal income is based on calendar year averages of preceding year; this tends to overstate percentages shown. Source: State of Oregon, Executive Department, Office of Economic Analysis. Compiled by Debt Management Division, Oregon State Treasury.

JUNE 30,

1984	1985	1986	1987	1988	1989
\$5,617,356,000	\$5,535,043,000	\$6,376,368,000	\$6,232,327,000	\$6,054,546,000	\$5,844,424,276
\$5,479,246,000	\$5,402,845,000	\$6,250,433,000	\$6,131,159,000	\$5,957,023,000	\$5,753,089,192
\$138,110,000	\$132,197,500	\$125,935,000	\$101,211,000	\$97,523,000	\$91,335,084
2,660,000	2,675,800	2,659,500	2,690,000	2,741,000	2,741,000
\$2,111.88	\$2,068.56	\$2,397.58	\$2,316.87	\$2,208.88	\$2,132.22
\$85,399,676,330	\$83,034,800,482	\$82,944,411,643	\$83,110,546,821	\$83,257,569,790	\$84,257,519,790
6.58%	6.67%	7.76%	7.50%	7.18%	6.94%
\$51.92	\$49.40	\$47.35	\$37.63	\$35.60	\$33.32
.17%	.16%	.15%	.12%	.12%	.11%
\$36,302,000,000	\$33,951,000,000	\$35,748,000,000	\$38,182,000,000	\$41,068,000,000	\$41,068,000,000
16.96%	15.91%	17.48%	16.06%	14.50%	14.01%
.43%	.39%	.35%	.27%	.24%	.22%

STATE OF OREGON
OUTSTANDING DEBT AND CONSTITUTIONAL AND STATUTORY PROVISIONS
as of October 17, 1989
(Expressed in Thousands)

PURPOSE/DEPARTMENT	CONSTITUTIONAL PROVISION ¹	CONSTITUTIONAL DEBT LIMIT ²	STATUTORY DEBT LIMIT	AMOUNT ISSUED ³	AMOUNT OUTSTANDING ⁴	AUTHORITY REMAINING ⁵
GENERAL OBLIGATION BONDS						
General Fund:						
Higher Education Facilities	ART XI-G	.75% TCV	-	\$ 98,015	\$47,078	\$ -
Community College Bonds	ART XI-G	.75% TCV	-	44,845	27,425	557,428
State Power Development	ART XI-D	1.5% TCV	-	-	-	1,263,863
General Purpose Bonds ⁶	ART XI-Sec 7	\$50	-	-	-	50
Forest Rehabilitation Bonds	ART XI-E	.1875% TCV	\$ 750M (ORS 530.230)	13,350	-	157,983
Partially General Fund supported:						
Pollution Control Bonds Bonds (15.5%) ⁷	ART XI-H	1% TCV	\$ 260,000 (ORS 468.195)	28,125	14,921	24,079
Fully Self-Supporting:						
Higher Education Building Projects	ART XI-F(1)	.75% TCV	-	263,576	145,019	486,915
State Highway Bonds	ART XI-Sec 7	1.0 % TCV	various (see ORS 367)	246,050	22,050	820,525
Water Resources Bonds	ART XI-I(1)	1.5% TCV	-	43,511	20,799	1,243,064
Elderly Multi-Family Housing Bonds	ART XI-I(2)	.5% TCV	-	109,690	106,435	314,853
Veterans' Welfare Bonds ⁸	ART XI-A	8.0% TCV	-	7,719,403	5,130,763	1,609,838
Alternate Energy Projects	ART XI-J	.5% TCV	-	175,825	164,985	256,303
Pollution Control Bonds ⁹	ART XI-H	¹⁰	-	159,375 ¹¹	84,554	136,446 ¹²
(84.5% Partially Self-Supporting)						
Total General Obligation Bonds				\$8,901,555	\$5,764,029	\$6,871,347
REVENUE BONDS						
Housing Agency			\$1,030,000 (ORS 456.661)	\$673,014	\$406,754 ¹³	\$597,553
Single-Family and Project Financing			10,000	6,500	\$6,320	\$3,680
Oregon State Fair & Exposition Center			(ORS 565.095)			
Department of Transportation - Highway User Tax			134,000 (ORS 367.615)	80,000	74,020	59,980

INDUSTRIAL DEVELOPMENT REVENUE BONDS

Economic Development Department
Short-Term Debt *

Art XI-Sec 7	\$50	No Limit (ORS 280.310)	\$342,657	\$187,673	\$ \$50
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- * See page 7 for a summary of the major provisions.
 * The State of Oregon may not incur indebtedness exceeding \$50 without a constitutional amendment approved by the voters. The General Purposes and/or Short-Term Debt categories both reflect this single limitation.
 * Based on January 1, 1988 True Cash Value (TCV) of \$84,257,520,000.
 * The amount of bonds issued to date and the authorization remaining are listed only with the general fund portion of the debt. Statutes require that pollution control bonds be no less than 70% supporting. Currently, 84.54% of pollution control debt is self-supporting and 15.46% is general fund supported.
 * Excludes tax notes and tax-exempt commercial paper applicable to department's constitutional debt limit.
 * For purposes of this report, Housing Division's outstanding revenue indebtedness and Department of Veterans' Affairs general obligation debt reflect the proceeds received from an original issue discount (OID) bond sale rather than the principal amount to be repaid.
 * Includes all issues and advance refunding bonds since each program's inception.
 * Excludes refunded bonds and \$16,115 defeased by the Department of Water Resources.
 NOTE: All Oregon Mass Transportation Financing Authority (OMTFA) bonds were advanced, refunded and defeased by an issue of the Tri-County Metropolitan Transit District (Tri-Met) during 1985 under authority granted by the 1985 Legislative Assembly.

Compiled by Debt Management Division, Oregon State Treasurer.

Summaries of Oregon State Constitutional Provisions Regarding General Obligation Debt

ARTICLE IX

Section 2 of this Article states that the legislature shall provide for raising enough revenue to defray the expenses of the State for each fiscal year and also to pay the interest on the State debt. Section 3a of this Article restricts the use of gasoline taxes and other highway-user taxes to activities associated with the State's roads, including the retirement of bonds where these taxes have been pledged as the source of revenue. In addition, however, taxes on recreational vehicles may be used to acquire and care for parks and recreation areas. Section 6 requires the legislature to increase taxes to cover deficits occurring in the previous year and estimated expenses for the ensuing year.

ARTICLE XI

Section 7 provides that the total amount of credit loaned and debt or liability created by the State shall not exceed \$50,000 except for building and maintaining roads which is limited to 1% TCV of property in the State. The section does not apply to real property leases up to 20 years entered into by the State for a public purpose.

ARTICLE XI-A

Section 1 of this Article authorizes the State to loan its credit and to incur indebtedness up to 8% TCV of taxable property in the State to create the Oregon War Veteran's Fund. Section 2 states that bonds of the Oregon War Veteran's Fund shall be a direct obligation of the State. An annual tax of up to 2 mills on all taxable property within the State is allowed by Section 4 as a source of interest and repayment for the bonds. This amount of tax however is limited by statute to 0.25 mill.

ARTICLE XI-D

This Article authorizes lending the credit of or incurring indebtedness by the State up to 1.5% TCV of all taxable property in the State to provide funds primarily for the development of hydroelectric power.

ARTICLE XI-E

This Article authorizes lending the credit of or incurring indebtedness by the State up to 3/16% of 1% TCV of all taxable property in the State to provide funds for the reforestation of land which the State currently owns and that which it may acquire for the purpose of reforestation. Funds generated from the reforested lands must be used to repay any outstanding debt issued under this provision and property taxes are also authorized to assist in repaying this debt. A debt limit of \$750,000/year is currently set by statute.

ARTICLE XI-F(1)

Here the constitution authorizes lending the credit of or incurring indebtedness by the State up to 3/4 of 1% TCV of all taxable property in the State to provide funds for higher education building projects. These projects must be wholly self-supporting and self-liquidating from revenues, gifts, grants or building fees. If the projects do not provide enough funds to repay the debt and the interest on the debt, property taxes are allowed.

ARTICLE XI-G

In addition to the debt provisions of Article XI-F(1) this article authorizes lending the credit of or incurring indebtedness by the State up to $\frac{3}{4}$ of 1% of all taxable property in the State to raise funds for higher education projects (including those of community colleges). Unlike Article XI-F(1), however, these projects cannot be totally self-supporting. Property taxes are allowed to repay this debt and its interest. In addition, any funds spent under this provision must be matched by the legislature from the General Fund.

ARTICLE XI-H

Funds for pollution abatement projects of State and local government agencies may be raised under this section by lending the credit of or incurring indebtedness by the State of up to 1% TCV of all taxable property in the State. Facilities acquired under this program are required to "conservatively appear" to be at least 70% self-supporting and self-liquidating from revenues, gifts, grants from the Federal Government, user charges, assessments and other fees. Property taxes are provided as a source of additional revenue to support these bonds.

ARTICLE XI-I(1)

Funds for loans to construct water development projects for irrigation, drainage, fish protection, watershed restoration and municipal uses and for the acquisition of related easements and rights of way may be raised under this section by lending the credit of or incurring indebtedness by the State up to 1-1/2% TCV of all the taxable property within the State. Property taxes may be levied to repay this debt if revenues are insufficient.

ARTICLE XI-I(2)

Authorizes funds for additional financing for multifamily housing for elderly and disabled persons. The amount of credit loaned or debt incurred by the State for this purpose may not exceed $\frac{1}{2}$ of 1% TCV of all taxable property in the State. Property taxes may be levied to repay this debt if revenues from loan repayments are insufficient.

ARTICLE XI-J

Authorizes the lending of credit of or incurring of indebtedness by the State to provide funds for loans for small scale local energy projects, up to $\frac{1}{2}$ of 1% TCV of all taxable property in the State. Property taxes may be levied to repay this debt if revenues from loan repayments are insufficient.

APPROVED BY:



ATTORNEY GENERAL, State of Oregon

THE STATE'S ECONOMY

An Overview

Oregon's nonagricultural employment growth in 1988 exceeded the United States' rate for the third consecutive year. While the decade of 1970 to 1980 marked a time of rapid growth, the early years of the 1980's were a period of retrenchment and job losses. Oregon finally regained prerecessionary nonagricultural employment levels (compared to 1979) in 1986, and continued growing quickly through 1988. Oregon ranked third among all states in total nonagricultural employment growth during 1988.

The service, retail and wholesale trade sectors have contributed most of the job gains. In 1979, services comprised 18 percent and retail and wholesale trade 24 percent of total nonagricultural employment. Manufacturing contributed 22 percent. By 1988, services grew to 23 percent, retail and wholesale trade rose to 25 percent, but manufacturing shrank to 19 percent. During the period 1979 to 1988, services and retail and wholesale trade added 110,000 jobs while manufacturing jobs dropped by 14,000.

Total state population and personal income followed similar trends. From 1975 to 1980, both population and personal income exceeded national growth rates. In the late 1970's, Oregon's population grew at a rate of two to three times the national average. The early 1980's marked a reversal of this trend, and population and personal income growth slowed to rates below the national average.

Recent economic trends have been favorable. In early 1987, the state's unemployment rate dipped below the national rate, and state employment growth exceeded the national average. Increased demand for wood products, primary metals, machinery and rapidly growing nonmanufacturing sectors helped push the growth rates upward.

A mild climate, varied topography and rich soil support the nearly 100 agricultural commodities grown in Oregon and valued in terms of gross farm sales at over \$2.3 billion in 1988. Much of this agricultural activity occurs in the Willamette River Valley in the western portion of the state. This valley also contains most of the state's population and much of the manufacturing activity.

Portland, located at the confluence of the Columbia and Willamette Rivers, remains Oregon's largest city and the hub of economic activity. The greater Portland area is a highly diversified manufacturing center. It is also the home of the Port of Portland, a significant seaport for trade between the western United States and the Pacific Rim nations.

Outside the Willamette Valley, those areas not devoted primarily to agriculture rely on the wood products industry and tourism. Although the wood products industry is still sensitive to economic fluctuations, increased automation and improved management are enabling the industry to reach all-time high production levels with fewer workers.

Summary of Economic Trends

Oregon's economy grew moderately in the two decades immediately following World War II. From 1950 to 1970, nonagricultural employment growth averaged 2.7 percent per year. In the 1970's, however, the state experienced rapid growth as population increased and economic diversification continued. Oregon's growth significantly outpaced the national average: from 1975 to 1980 nonagricultural employment growth averaged 6.1 percent per year and per capita income rose above the U.S. average.

The early 1980's recessions hit Oregon hard. In 1982, nonagricultural employment fell by 5.7 percent with much of the loss from the wood products industry. Oregon remains slightly more sensitive to economic cycles than the national average due to the forest products component of its economy. Although recessionary periods continue to be somewhat more pronounced in Oregon than in the nation as a whole, the higher proportion of nonmanufacturing jobs and restructuring of the lumber and wood industry has provided more stability.

While the high technology industries added a significant number of jobs in the late 1970's and early 1980's, the state has followed national trends and lost jobs as a result of a slump in the semiconductor, electronics and instruments industries. In recent years, these industries have stabilized and started adding workers.

The high interest rates experienced early in this decade had a significant impact on certain sectors of the Oregon economy. The recession-sensitive wood products, housing, and construction industries were particularly hard hit. Rural counties of eastern and southern Oregon which depend on one or a combination of these industries experienced the greatest impact. Many of these counties have since diversified more and have benefitted significantly from improved tourist traffic. In urban areas generally, and in Portland in particular, the diverse economic base has given a measure of insulation from the impacts of the recession.

By 1984, the state began to recover and experienced a higher employment growth rate at 4.2 percent, but this rate was still lower than the U.S. rate. The state finally surpassed prerecessionary employment levels in 1986 and has recently been growing faster than the U.S. average.

Tourism has been strong throughout the 1980's, due in part to the plentiful supplies of relatively low-cost automobile fuel and an improved national economy. Oregon's wood products industry is undergoing a permanent restructuring, as many mills have automated and improved their productivity greatly. The state has committed itself to greater diversification of the economy by pursuing more foreign trade in the considerable markets of the Pacific Rim countries.

Employment and Unemployment

Nonagricultural Employment Trends

Between 1979 and 1988, total nonagricultural wage and salary employment in Oregon rose from 1,056,200 to 1,152,300, an increase of 9.1 percent. During this period, however, employment exhibited three different trends.

In 1979, a dramatic rise in interest rates severely hurt credit-sensitive industries such as construction, lumber and wood products and plunged the Nation into the worst recession since the 1930's. Oregon's housing-dependent economy was especially hard hit. Between 1979 and 1982, wage and salary employment plummeted by 9 percent to 960,800 a loss of 95,400 jobs.

While the severity of the recession eliminated many jobs, both in manufacturing (-42,800) and nonmanufacturing (-52,600), it also caused interest rates and the inflation rate eventually to drop significantly. This improvement, plus more stimulative federal monetary and fiscal policies, set the stage for another period of economic expansion beginning in early 1983. In the six year period between 1982 and 1988, Oregon's wage and salary employment increased by 20 percent to reach a new all-time high of 1,152,300, a gain of 191,500 jobs.

The current expansion differs from previous recovery periods. During the last six years, manufacturing employment has risen by only 28,600 jobs but is still about 14,200 below its 1979 prerecession peak of 228,500. This slow rate of recovery largely reflects increased competition from foreign imports, automation and increased productivity. In the first half of the 1980's the rising foreign exchange value of the dollar made U.S. exported goods more expensive overseas, while foreign imports became cheaper to U.S. consumers. Although the dollar's exchange value has been falling since 1985, imports have captured a greater share of U.S. markets. Manufacturing firms in Oregon and the nation have responded by reducing their costs, restructuring their operations and automating production processes wherever possible. In some cases, these efficiencies have resulted in fewer jobs even though production volumes have recovered and reached new all-time highs. Oregon's primary industry, lumber and wood products, is one such example.

State of Oregon

EXHIBIT 2

OREGON NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT (1) CALENDAR YEAR AVERAGES 1972 STANDARD CLASSIFICATION (Numbers in Thousands)(2)

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Total All Industries	\$1,056.2	\$1,044.6	\$1,018.4	\$960.8	\$966.7	\$1,006.9	\$1,030.0	\$1,058.5	\$1,100.1	\$1,152.3
Manufacturing	228.5	215.1	202.7	185.7	188.8	201.1	199.3	198.4	206.2	214.3
Durable Goods	171.8	159.6	148.4	132.7	135.1	146.7	144.8	153.4	149.2	155.9
Lumber and Wood Products	81.2	69.5	63.8	56.6	62.6	66.7	63.6	64.6	68.0	68.7
Logging and Sawmills	41.9	36.9	33.0	29.1	32.8	35.4	33.5	33.4	34.9	35.1
Veneer and Plywood	24.3	20.5	19.0	16.7	17.7	17.6	16.3	16.8	17.7	17.2
Milwork and Structural Wood	7.7	6.2	6.1	5.2	7.2	8.2	8.8	9.5	10.2	10.4
Mobile Homes	3.0	2.1	1.9	1.3	1.5	1.7	1.4	1.3	1.4	1.6
Other Wood Products	4.3	3.8	3.8	3.3	3.5	3.8	3.7	3.7	3.9	4.4
Furniture and Fixtures	2.9	2.6	2.5	2.2	2.4	2.7	2.7	2.7	2.5	2.7
Stone, Clay, Glass and Concrete Products	4.4	4.5	3.9	3.4	3.0	2.7	3.1	3.3	3.6	4.1
Primary Metals	11.1	11.0	10.2	8.1	7.5	9.1	8.8	8.6	9.3	10.2
Fabricated Metals	13.7	12.7	11.2	9.8	9.4	10.4	11.0	10.6	10.2	11.0
Machinery	17.3	17.7	18.0	16.5	15.2	15.9	15.5	15.0	15.8	17.1
Electrical Equipment and Supplies	8.6	9.8	10.0	10.1	10.7	13.8	13.9	12.9	13.6	15.3
Instruments and Related Products	18.2	19.3	17.4	16.8	14.8	14.4	14.6	13.1	12.1	11.9
Miscellaneous Manufacturing	2.2	2.2	2.5	2.3	2.3	2.6	2.4	2.5	3.2	3.8
Nondurable Goods	56.7	55.5	54.3	53.0	53.8	54.5	54.5	55.0	57.1	58.4
Food and Kindred Products	25.2	24.3	23.8	23.7	24.2	24.1	23.8	23.7	24.0	24.1
Textile Mill Products	2.2	2.0	1.8	1.8	1.7	1.7	1.6	1.6	1.8	1.8
Apparel	3.5	3.2	2.8	2.7	2.6	2.8	2.4	2.3	2.5	2.7
Paper and Allied Products	9.8	10.4	10.3	9.6	9.3	9.0	9.1	9.1	9.2	8.7
Printing and Publishing	10.0	10.0	10.2	10.0	10.4	11.0	11.5	12.0	12.8	13.5
Chemicals and Allied Products	2.4	2.3	2.2	2.1	2.2	2.0	2.1	2.0	2.1	2.2
Petroleum Refining	0.7	0.6	0.5	0.5	0.5	0.5	0.4	0.5	0.5	0.6
Rubber and Plastic Products	2.6	2.4	2.4	2.3	2.5	2.8	3.2	3.4	3.8	4.5
Leather Products	0.3	0.3	0.3	0.3	0.5	0.5	0.4	0.4	0.5	0.5
Nonmanufacturing	827.7	829.5	815.7	775.1	779.1	805.8	830.7	860.1	893.9	938.0
Mining and Quarrying	2.4	2.3	2.2	1.8	1.6	1.6	1.5	1.4	1.4	1.4
Construction	53.0	46.5	37.5	28.9	27.0	30.2	33.1	34.3	35.3	39.0
Transportation, Comm. and Utilities	60.0	60.5	59.3	56.7	55.4	57.1	57.3	57.2	58.5	60.5
Trade	256.8	256.6	253.5	238.7	242.6	253.0	258.6	267.3	276.7	291.3
Wholesale	67.0	67.4	67.0	62.7	62.6	64.5	65.8	67.4	68.2	72.0
Retail	189.8	188.2	186.5	176.0	180.0	188.4	192.8	199.9	208.5	219.3
Finance, Insurance, and Real Estate	69.1	70.0	68.5	64.9	64.5	65.4	66.8	69.5	72.1	73.6
Services	185.7	191.4	192.1	188.6	194.6	204.5	215.6	230.2	244.4	260.6
Government	200.7	203.2	202.6	195.5	192.3	194.1	197.7	200.2	205.6	211.5
Federal	29.9	30.8	29.5	29.1	29.0	29.3	29.6	29.6	30.6	31.7
State	54.4	55.3	53.1	50.8	51.7	52.3	53.8	54.6	56.9	58.6
Local	116.4	117.1	120.0	115.6	111.5	112.5	114.3	116.0	118.1	121.2

(1) Includes full and part-time nonfarm wage and salary workers. Job totals are on a place of work basis and are not adjusted for multiple job holders. Data are thus not directly comparable to total employment data given elsewhere in this publication.

(2) Excludes 100 or more workers involved in labor management disputes.

About 85 percent of the 191,500 new wage and salary jobs added in the 1982-88 period came in nonmanufacturing. Although every nonmanufacturing industrial category except mining, communications and utilities increased employment, the service and trade industries accounted for eight out of every ten new nonmanufacturing jobs. Job growth was especially strong in food stores, eating and drinking places, health care and business services. The following discussion of employment trends by sector is based on data compiled by Standard Industrial Classification (SIC) codes. Exhibit 2 presents Oregon nonagricultural wage and salary employment since 1979. Exhibit 3 compares Oregon and U.S. nonagricultural employment in 1988. Exhibit 4 lists Oregon's largest private employers. Exhibit 5 summarizes employment and unemployment data as compared to the United States for 1980 and through July 1989.

EXHIBIT 3

COMPARATIVE NONAGRICULTURAL EMPLOYMENT, 1988

	Employment (in thousands)	Oregon Percent of Total Manufacturing Employment	Percent of Total Nonagricultural Employment	Employment (in thousands)	U.S.(1) Percent of Total Manufacturing Employment	Percent of Total Nonagricultural Employment
Manufacturing	214.3	100.0	18.6	19,540	100.0	18.4
Durable	155.9	72.7	13.5	11,518	58.9	10.9
Lumber and Wood	68.7	32.1	6.0	758	3.9	0.7
Furniture and Fixtures	2.7	1.3	0.2	538	2.8	0.5
Stone, Clay and Glass	4.1	1.9	0.4	587	3.0	0.6
Metals	21.2	9.9	1.8	2,237	11.4	2.1
High Technology (2)	44.3	20.7	3.8	4,972	25.4	4.7
Transportation Equipment	11.2	5.2	1.0	2,042	10.5	1.9
Miscellaneous Manufacturing (3)	3.8	1.8	0.3	383	2.0	0.4
Nondurable (4)	58.4	27.3	5.1	8,022	41.1	7.6
Food	24.1	11.2	2.1	1,646	8.4	1.6
Textiles and Apparel	4.5	2.1	0.4	1,822	9.3	1.7
Paper	8.7	4.1	0.8	689	3.5	0.6
Printing and Publishing	13.5	6.3	1.2	1,565	8.0	1.5
Chemicals	2.2	1.0	0.2	1,063	5.4	1.0
Miscellaneous	5.6	2.6	0.5	1,185	6.1	1.1
Construction	39.0	-	3.4	5,292	-	5.0
Mining	1.4	-	0.1	733	-	0.7
Transportation, Communication and Utilities	60.5	-	5.3	5,581	-	5.3
Trade	291.3	-	25.3	25,361	-	23.9
Finance, Insurance and Real Estate	73.6	-	6.4	6,678	-	6.3
Services	260.6	-	22.6	25,463	-	24.0
Government	211.5	-	18.4	17,489	-	16.4
Federal	31.7	-	2.8	2,971	-	2.8
State and Local	179.8	-	15.6	14,418	-	13.6
TOTAL	1,152.3			106,037		

(1) U.S. numbers are preliminary.

(2) High Technology includes SIC codes Machinery, Electrical Equipment and Supplies and Instruments.

(3) Miscellaneous includes SIC codes Petroleum Refining, Rubber and Plastic/Leather.

(4) Total for Nondurable Manufacturing includes tobacco manufacturing which is not included in detail.

Source: State of Oregon, Department of Human Resources, Employment Division, Research and Statistics.

Note: Columns may not add to 100 percent due to rounding.

State of Oregon

EXHIBIT 4 OREGON'S LARGEST PRIVATE EMPLOYERS (2000 OR MORE EMPLOYEES)

Firm Name	Major Product	Employment
Fred Meyer, Inc.	Retail Department Stores	9,700
Tektronix, Inc.	Test & Measurement Instruments	9,000
Safeway Stores, Inc.	Grocery Stores	7,800
US National Bank of Oregon	National Commercial Bank	6,525
Kaiser Permanente	General Medical & Surgical Hospital	5,300
US West Communications	Telephone Communications	4,600
First Interstate Bank	National Commercial Bank	4,546
Kelly Services, Inc.	Temporary Employment Services	4,183
McDonald's Corp.	Fast Food Restaurants	4,100
Weyerhaeuser Co.	Lumber	4,000
Payless Drug Stores Northwest, Inc.	Retail Department Stores	3,980
James River Corp.	Paper	3,500
Roseburg Forest Products Co.	Softwood Veneer & Plywood	3,500
Boise Cascade Corp.	Lumber	3,200
Intel Corp.	Semiconductors	3,200
Freightliner Corp.	Trucks	3,150
Consolidated Freightways	Long Distance Trucking	3,100
Willamette Industries, Inc.	Softwood Veneer & Plywood	3,078
Albertson's, Inc.	Retail Grocery Stores	3,086
Portland General Electric	Electric Generation & Distribution	3,000
Precision Castparts Corp.	Steel Investment Castings	2,900
Manpower, Inc. of Portland	Temporary Employment Services	2,858
Meier & Frank	Retail Department Stores	2,600
Good Samaritan Hospital	General Medical & Surgical Hospital	2,600
Hewlett-Packard Co.	Electronic Computers	2,600
Norpac Foods, Inc.	Frozen Fruits & Vegetables	2,400
St. Vincent Hospital & Medical Center	General Medical & Surgical Hospital	2,300
K-Mart Corp.	Retail Department Stores	2,237
Sears, Roebuck & Co.	Retail Department Stores	2,116
Pacific Power & Light Co.	Electric Generation & Distribution	2,115
United Parcel Service	Private Package Delivery	2,100
Bohemia, Inc.	Lumber	2,000
Red Lion Inns	Hotels & Motels	2,000
Emanuel Hospital	General Medical & Surgical Hospital	2,000
Providence Medical Center	General Medical & Surgical Hospital	2,000
Sacred Heart General Hospital	General Medical & Surgical Hospital	2,000
Salem Hospital	General Medical & Surgical Hospital	2,000

Source: Survey conducted by Oregon Economic Development Department.

EXHIBIT 5
COMPARATIVE EMPLOYMENT AND UNEMPLOYMENT RATES (1)
(ANNUAL AVERAGES, IN THOUSANDS)

Date	Civilian Labor Force		Unemployment		Percent Unemployment Rate		Oregon Rate as % of U.S. Rate
	OR	U.S.	OR	U.S.	OR	U.S.	
1980	1,295	106,940	107	7,637	8.3	7.1	116.9
1981	1,337	108,670	132	8,273	9.9	7.6	130.3
1982	1,324	110,204	153	10,678	11.5	9.7	118.6
1983	1,341	111,550	145	10,717	10.8	9.6	112.5
1984	1,335	113,544	125	8,539	9.4	7.5	125.3
1985	1,316	115,461	116	8,312	8.8	7.2	122.2
1986	1,360	117,834	115	8,237	8.5	7.0	121.4
1987	1,387	119,865	86	7,425	6.2	6.2	100.0
1988	1,408	121,669	82	6,701	5.8	5.5	105.5
January 1989	1,447	123,428	78	6,716	5.4	5.4	100.0
February	1,455	123,181	79	6,328	5.4	5.1	105.9
March	1,455	123,264	81	6,128	5.6	5.0	112.0
April	1,471	123,659	80	6,546	5.4	5.3	101.9
May	1,458	123,610	77	6,395	5.3	5.2	100.0
June	1,454	124,102	78	6,561	5.2	5.2	100.0
July (2)	1,452	123,956	77	6,497	5.2	5.2	100.0

(1) Monthly data are seasonally adjusted and are subject to revision.

(2) Preliminary Data

Source: State of Oregon, Department of Human Resources, Employment Division.

Economic Characteristics

Agriculture

Agriculture is Oregon's second largest industry, with gross farm sales of over \$2.3 billion in 1988. Oregon's highly diversified agricultural base reported 87 commodities each with sales of \$1 million or more in 1988. Of this number, 39 reported gross sales in excess of \$10 million. This diversity is facilitated by the state's varied topography, rich soil and moderate climate.

Oregon agriculture continues to follow the national trend of increasing capital intensity. Agricultural employment has been decreasing as constant dollar output has increased. Although every county in the state is involved in agricultural production, activity is concentrated in the fertile Willamette Valley. Recent agricultural expansion has been the result of more efficient methods and increased use of irrigation.

The top ten cash commodities for 1988 were: cattle and calves, \$392.8 million; wheat, \$192.5 million; dairy, \$182.2 million; nursery crops \$174.2 million; farm forest products, \$133.1 million; potatoes, \$84.7 million; alfalfa hay, \$57.8 million; dry onions, \$56.7 million; tall fescue seed, \$54.7 million, and perennial rye grass seed \$52.2 million.

State of Oregon

Housing

Oregon's new housing activity varied substantially more during the late 1970's and early 1980's than did new housing activity nationwide. From 1975 to 1978, national housing starts increased from 1.3 million to 2.0 million, an increase of about 55 percent. During the same period, the number of units in Oregon authorized by building permits expanded from 20,144 to 38,217, an increase of 90 percent. From 1979 to 1982, national housing starts dropped from 1.7 million to 1.1 million, a 35 percent decrease. During the same period the number of units in Oregon authorized by building permits went from 27,588 to 7,351. The 1982 figures were only 27 percent of the 1979 numbers. Since 1982, the upward trend in Oregon's new residential building activity has been much closer to the national trend.

During the late 1970's, the upturn in Oregon's economy plus the large differences between conventional interest rates and the rates on loans provided by the Oregon Department of Veterans' Affairs (DVA) made DVA Oregon's largest lender. By mid-1980, the difference between conventional interest rates and DVA's rates had largely disappeared, so that DVA became a much smaller factor in the state's housing market. By 1986, data indicated that DVA garnered less than 5 percent of Oregon's housing sales. The trend of the past two years shows increased permit activity for both single and multi-family housing.

Exhibit 6 summarizes the annual totals for building permit activity since 1981.

EXHIBIT 6

OREGON BUILDING PERMITS(1)

Year	Single-Family Dwellings	Percent Change	Multi-Family Dwellings	Percent Change
1981	8,016	-	4,102	-
1982	4,881	-39.1	2,470	-39.8
1983	6,759	+38.5	1,634	-33.8
1984	6,244	-7.6	1,940	+18.7
1985	6,559	+5.0	5,001	+257.8
1986	7,262	+10.7	3,661	-26.8
1987	8,095	+11.5	4,619	+26.2
1988	9,249	+14.3	4,749	+ 2.8

Source: State of Oregon Housing Division

(1) Beginning in 1983, data reflect an adjustment for nonreported building activity. This adjustment factor is approximately 3 percent.

Population

Oregon's July 1, 1988, population was determined to be 2,741,000 by Portland State University's Center for Population Research and Census, the state's official bureau for population data. Since 1960, the state's population has increased by almost 55 percent. Compared to the 1980 census, 1988 population has grown 3.75 percent.

There are four major urban population areas in Oregon. The City of Portland, located in Multnomah County, is the state's largest city with a population of 429,410 as of July 1, 1988. The Portland Primary Metropolitan Statistical Area (PMSA), which is comprised of Clackamas, Multnomah, Washington and Yamhill counties had a population of 1,179,500 at that time.

The second largest urban center is the Eugene metropolitan area located in Lane County at the southern end of the Willamette Valley. Eugene had a population of 108,770 as of July 1, 1988. The Eugene-Springfield MSA had a population of 273,700 on that date. Salem, the state's third largest city, had a population of 96,830 on July 1, 1988 (MSA:266,300). Salem, situated in the heart of Willamette Valley, is the State Capital. The City of Medford, and Jackson County, were designated as a new MSA as a result of the 1980 census. The population of the Medford MSA as of July 1, 1988, was 143,000.

As can be seen from this description of population distribution, most of the state's residents are located in the Willamette Valley. Approximately 70 percent of Oregon's population reside in this valley.

Exhibit 7 presents comparative population information for Oregon and the United States between 1940 and 1988.

EXHIBIT 7
COMPARATIVE POPULATION GROWTH
OREGON AND UNITED STATES, 1940-1988
(As of July 1)

Year	Oregon	Percent Change	United States	Percent Change
1940	1,090,000	-	132,165,000	-
1950	1,521,000	39.54	151,326,000	14.50
1960	1,769,000	16.31	179,323,000	18.50
1970	2,091,500	18.23	203,984,000	13.75
1980	2,639,915	26.22	227,738,000	11.64
1981	2,660,735	0.78	230,019,000	1.00
1982	2,656,185	-0.17	232,309,000	0.99
1983	2,635,000	-0.80	234,496,000	0.94
1984	2,660,000	0.95	236,634,000	0.91
1985	2,675,800	1.52	239,283,000	1.12
1986	2,661,500	-0.53	241,107,000	0.76
1987	2,690,000	1.07	243,419,000	1.01
1988	2,741,000	1.89	245,807,000	0.98

Sources: 1940-1960 - State of Oregon, Department of Human Resources, Employment Division, Research and Statistics.
 1970-1988 - Center for Population Research, Portland State University (estimates are as of July 1 of year shown.)

Personal Income

Per capita income as a percentage of the national average rose steadily in the last decade from 96 percent in 1970 to 102 percent in 1979. The average increase in per capita income in Oregon for 1970 through 1980 was 9.8 percent compared with 9.4 percent for the United States. In recent years the rate of growth of per capita income in Oregon has slowed to slightly less than the national average.

State of Oregon

Exhibit 8 shows per capita personal income since 1980 for Oregon and the United States.

Exhibit 9 shows total personal income, rates of change, and comparisons to the United States for the period from 1980 to 1988.

EXHIBIT 8

COMPARATIVE PER CAPITA INCOME 1980-1988 (Current Dollars)

Year	Oregon	Percent Change	U.S.	Percent Change	Oregon As Percent of U.S.
1980	\$ 9,866	7.5	\$ 9,919	9.8	99
1981	10,440	5.8	10,949	10.4	95
1982	10,581	1.4	10,481	4.9	92
1983	11,271	6.5	12,098	5.4	93
1984	12,054	6.9	13,114	8.4	92
1985	12,627	4.8	13,896	6.0	91
1986	13,136	4.0	14,596	5.0	90
1987	13,906	5.9	15,472	6.0	90
1988	14,885	7.0	16,489	6.6	90

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System.

EXHIBIT 9

COMPARATIVE PERSONAL INCOME 1980-1988 (Millions of Current Dollars)

Year	Oregon	Percent Change	U.S.	Percent Change	Oregon as Percent of Total
1980	\$26,063	10.2	\$2,254,076	11.1	1.16
1981	27,889	7.0	2,514,231	11.5	1.11
1982	28,263	1.3	2,663,432	5.9	1.06
1983	30,010	6.2	2,834,385	6.4	1.06
1984	32,302	7.6	3,101,163	9.4	1.04
1985	33,951	5.1	3,317,545	7.0	1.02
1986	35,500	4.6	3,519,211	6.1	1.01
1987	37,869	6.7	3,766,075	7.0	1.01
1988	41,180	8.7	4,052,992	7.6	1.02

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System.

International Trade and Exports

Like other segments of Oregon's economy, geography and natural resources have played a role in the development of the state's international trade activities. The majority of the state's international trade occurs through the Port of Portland, where an efficient system for dealing with a large number of vessels has been developed, including modern grain elevators, cranes, break-bulk and containerized cargo facilities, and ship repair and drydock facilities. Other important ports are located at the coastal cities of Astoria, Newport and Coos Bay. The state has a total of twenty-three port districts - all located on navigable waterways.

The Oregon Customs District (which includes Astoria, Coos Bay, Newport and Portland, the Washington ports of Vancouver, Kalama and Longview and the Idaho port of Boise) is one of the leading export Districts on the West Coast. The District had a substantial trade surplus throughout the last decade as both imports and exports grew significantly. Over five million tons of grain (about \$2.4 billion value), the principal export commodity, was shipped through the District in 1988. The value of foreign exports through the Customs District set a new record in the shipment of goods valued in excess of \$5.5 billion in 1988. The chief export items through the District include grains (wheat, barley and corn); logs, lumber and other forest products; paper and paper products; vegetables; metal products and chemical/petroleum products. Motor vehicles by far are the leading import through the Oregon Customs District. Items for which over \$100 million in value are imported, in addition to cars, include: chemicals/petroleum products, metals/metal products, food and headwear/flat goods, computing equipment, electronic components, electrical machinery, general purpose machinery and rubber/plastic. In 1985, after 60 years of trade surpluses, the Oregon Customs District began experiencing a negative balance of trade, primarily because of reduced U.S. grain exports and increased importation of foreign automobiles. Exhibit 10 presents value of exports and imports of the Oregon Customs District from 1981 to 1988. Customs District data do not necessarily represent products of Oregon or that have Oregon as final destination and exclude certain air cargoes.

EXHIBIT 10

STATE OF OREGON OREGON CUSTOMS DISTRICT EXPORTS AND IMPORTS 1981-1988 (Millions of Current Dollars)

Year	Exports	Percent Change	Imports	Percent Change	Export Surplus
1981	\$3,897.6	-	\$3,008.7	-	\$ 888.9
1982	3,314.1	-15.0	2,809.4	-6.6	504.7
1983	3,699.0	+11.6	3,022.4	+7.6	676.6
1984	4,119.9	+11.4	3,846.6	+27.3	273.3
1985	3,462.2	-15.9	4,071.8	+5.9	-609.6
1986	3,110.7	-10.1	4,915.8	+20.7	-1,805.1
1987	3,624.0	+16.5	4,850.0	-1.3	-1,266.0
1988	5,522.5	+52.4	6,051.8	+24.8	-529.3

Source: International Trade Institute, Portland State University.

Tourism

Oregon has many outstanding features which favor development of tourism. The state is well-known for protection of its clean environment and natural scenic beauty. Within state boundaries exist major mountain ranges, vast coastal and desert regions, and multi-use and wilderness forest areas. The state has over 400 miles of seacoast, 47,000 miles of streams, 1,400 lakes and reservoirs, 225 state parks and a national park. While summer is traditionally the peak vacation season, tourism contributes all year to the state's economy and is enhanced by a mild, comfortable climate throughout the year and a wide variety of available leisure activities.

Tourism activity in Oregon is determined by a variety of measurements, including visitor counts and other economic indicators. In 1988, 489,339 travelers visited Oregon's ten state-operated Welcome Centers at border locations, nearly 100,000 more people than 1987's count. Room tax revenues were up an average of 18 percent statewide; hotel/motel occupancies increased more than seven percent during the year; and travel-information inquiries in the state Tourism Division increased more than 100 percent during 1988 over 1987 (as of November 30, 1988, 170,099 inquiries vs. 83,674 in 1987). By these and other indicators, 1988 appears to be a banner year for the visitor industry in Oregon.

The overall economic impact of tourism is difficult to determine, as this industry consists of segments of many other business sectors. Eating and drinking establishments receive the largest portion of travel-generated expenditures; retail sales and accommodations follow closely; and business related to automobiles and transportation receive the next largest portion. In addition, economic impacts occur when businesses supplying air transportation support facilities and work forces in the state to serve their national and international patrons.

Research conducted in 1988 for the Tourism Division indicates that travel-related expenditures amount to just over \$2 billion annually in direct revenue, and generate approximately 44,000 jobs. This research also determined that approximately 30 percent of Oregon's out-of-state visitors are from California, 12.5 percent are from Washington, and 8 percent are foreign visitors (5.8 percent Canadian). Sixty-two percent of these visitors travel to or through the coast and 61 percent visit the Portland-Mt. Hood-Columbia Gorge region. Just over half travel by car, and nearly two-thirds are repeat visitors. The most popular visitor pastimes are sightseeing, shopping, visiting friends and relatives, visiting a historic site or area, pursuing outdoor recreation, and viewing wildlife.